The NATIONAL UNDERWRITER

Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

30¢ a copy
$7.50 a year

July 22, 1960
64th Year, No. 30

The National Weekly Newspaper of Fire and Casualty Insurance

Majority Of Senate Unit Critical Of State Regulation

Minority Criticizes Report Of Majority, Sees States, Business Doing Good Job

The conclusions of the Senate anti-trust and monopoly subcommittee, which has been investigating the insurance business and its regulation for a couple of years, now have been pretty well publicized. The majority report of the subcommittee, reflecting the view of Sen. O'Mahoney and others, is critical of regulation in specific areas—foreign insurers that operate in the U. S., mergers of large insurers, aviation and air trip insurance, and the virtually monopolistic ocean marine business. Apparently the majority report will not recommend any changes in the McCarran act if the Department of Justice can reach monopolistic and other areas where state regulation is ineffectual without being barred from doing so by public law 15.

Dirksen, Wiley Dissent

The minority sections of the report praise state regulation and criticize the views of the majority. Sen. Wiley has prepared one of these and Sen. Dirksen another. Sen. Wiley states that the evidence produced by the hearings demonstrates that the states are able to cope with the problems in regulation of the business and have strengthened their laws and regulatory machinery. This is aimed at the charge by the majority that state insurance departments do not have adequate manpower to exert effective control and are hampered by weak state laws in many cases.

Sen. Wiley praises the insurance business for its flexibility and its capacity to deal with changing times and

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More Storm Damage In West To Cost Insurers $1,675,000

More storm damage in the midwest and west has added to insurers' woes, the latest rampages of nature producing an aggregate insured loss of $1,675,000 in Colorado and Minnesota. This comes on the heels of losses amounting to $10 million from hail and windstorms which caused widespread damage in seven midwestern states just before and during the July 4th weekend.

Damage from a hail and windstorm July 3 at south Denver and Englewood, Colo., has been estimated at $1,325,000 by General Adjustment Bureau. Most of the damage was sustained by roofs and siding. The number of dwelling losses was placed at 8,000, averaging $150, for a total of $1.2 million. Five hundred mercantile losses averaged $250, or a $125,000 total.

Hail At Worthington, Minn.

A hailstorm occured at Worthington, Minn., July 11, producing losses totaling $250,000. There were 2,000 losses averaging $125 in this storm.

Original estimates have been revised on some losses from storms which swept through the midwest June 28-30 and July 3. An account of this widespread damage was reported earlier in THE NATIONAL UNDERWRITER. Losses revised upward were at Rockford, Ill., from 1,200 to 2,500 at $150 each; Ottumwa, Ia., from 1,500 to 2,500, averaging $150; Wood River, Ill., from 1,500 to 2,500, averaging $125; and Alton, Ill., from 2,000 to 3,000, averaging $100. Losses were revised downward at Boone, Ia., from 2,000 to 1,000 at $150 each. In addition, storm damage at Hannibal, Mo., not reported heretofore amounted to 1,000 losses at $150 apiece.

The revised figures do not substantially change the over-all total damage estimate of $10 million from 80,000 losses.

U. Of Wis. To Sponsor Symposium On Insurance Regulation

The University of Wisconsin will sponsor a symposium on "Insurance and Government" Sept. 19-20 at Madison.

The school of commerce at the University of Wisconsin has been active in insurance education and research during the past decade. The symposium will be the second of the kind in the U. S. conducted on this scale. In 1940, Duke University was sponsor of a similar gathering. The Wisconsin symposium will bring together leaders from industry, state regulation, the federal government and academic institutions. Dean Erwin A. Gaumnitz of the school of commerce is in general charge.

Among those who will present papers are Robert E. Dineen, executive vice-president of Northwestern Mutual Life; Robert Bicks, acting assistant attorney general, anti-trust division U. S. Department of Justice; William A. Berridge, economist Metropolitan Life; Alfred C. Bennett, special counsel New York department; Richard M. Heins, associate professor of commerce University of Wisconsin; James B. Donovan, counsel National Bureau of Casualty Underwriters; F. J. Marryott, vice-president Liberty Mutual; W. Perry Epes, associate counsel North America; Joseph S. Gerber, Illinois director of insurance; Donald P. McHugh, counsel Senate subcommittee on anti-trust and monopoly; Jerome Pollack, consultant UAW-CIO, and E. J. Faulkner, president Woodmen Accident & Life.

Among the topics to be taken up in the two days of presentation and discussions of papers will be: The impact of state regulation on the small com-

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Stewart Hopps Is Indicted On Mail Fraud Charges

Grand Jury Action Is Based On "Fraudulent" Statement Of International's Assets

A federal grand jury at Baltimore has indicted Stewart B. Hopps on charges of using the mails to defraud in connection with the financial statement of International Guaranty & Insurance of Tangier, Morocco. The indictment charges two counts, using the mails to defraud and use of the mails to defraud by an assumed or fictitious name.

Mr. Hopps was summoned from his luxury home in Belvedere, a suburb of San Francisco, by postal authorities and a deputy U. S. marshal. He was arrested on a Baltimore warrant and had to post $10,000 bail, a reduction from the $25,000 demanded by the attorney general. Mr. Hopps' representative at the hearing in San Francisco was J. W. Ehrlich, who defended Mr. Hopps when the California department was after International Guaranty and who was attorney for that company.

Brochure At Issue

The indictment charges that Mr. Hopps directed preparation of a brochure entitled "International Guaranty & Insurance Company Statement of Condition, 1958" and that he had the brochure distributed in Maryland and throughout the U. S. The indictment says the brochure falsely claimed International Guaranty had extensive reinsurance facilities although Mr. Hopps

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David F. Robson, right, of Harris & Graham Ltd., London, winner of the London Anglo-American Fellowship for 1960, receiving the award from Dr. C. E. Golding, president of the Corporation of Insurance Brokers. The fellowship is the English counterpart of that inaugurated in 1959 in the U.S. by Agency Managers Ltd., and is awarded by B. D. Cooke & Partners Ltd., London. Mr. Robson, first winner of the award, will spend six weeks, in the U. S. to study methods and procedures in the American market. All expenses are paid by Agency Managers Ltd., associated Cooke organization. The winner of the fellowship, which is administered by Corporation of Insurance Brokers, was selected after oral and written examination administered by Corporation of Insurance Brokers. Competitors were also required to write an essay on a topic related to American business as conducted in the London market. Mr. Robson, who defeated four other finalist candidates, was educated at Winchester and Brasenose College, Oxford, and was with the American department of Edward Lumley & Sons before joining Harris & Graham. He will arrive in New York Aug. 5 by Pan American flight and will spend some time with insurance firms in Hartford and Chicago, as well as in New York. He will return to London on the Queen Mary Sept. 28.

Fire Losses Rise 6.4% In June And 2.3% For The Half

Fire losses in the U. S. during June totaled $82,829,000, a rise of 6.4% over June 1959, according to National Board. Losses for the first six months were $573,971,000, an increase of 2.3% over the first half of 1959.

The loss total was down substantially in January compared with a year ago, from $112.9 million to $92.9 million. The figure declined again in February. But in March losses soared again, from $99.6 million to $116.3 million. They rose sharply again in April and May.

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The **Missouri department** has scheduled a hearing July 27 at Jefferson City to consider a proposal for a general revision in workmen's compensation rates, to be effective Sept. 1.

Bid Prices Given For More Insurer Stocks In June And Dec.

Bid prices of 96 fire-casualty and life company stocks as of June 30, 1960 and Dec. 31, 1959, compiled by Lever- & Co., are shown in the listing below. This supplements an earlier list of 119 stocks that appeared in the July 8 issue.

	Bid 6/30/60	Bid 12/31/59
Academy Life. Colo.	2⅝	3
All States Life	3½	4⅝
American Bankers Ins.	18½	17
Am. Bankers Life	14¾	14
Am. Fidelity Life	10⅛	13¾
Am. Fidelity & Cas.	11	13½
Am. Founders Life, Colo.	1¼	⅞
Am. Founders Life, Tex.	24	28
Am. Heritage Life	8⅜	10
Am. Home Assur.	43	40
Am. Income Life, Ind.	11	17
Am. Indep. Reins.	2½	3
Am. Life & Cas., N. D.	9	8½
American Life, Ala.	7	7
Am. Service Life	3¼	4½
American Surety	14¼	19

N. Y. Appeals Court Upholds $125,000 Verdict In Case Involving Stolen Car

New York court of appeals—the state's highest tribunal—has upheld by a four to three vote a $125,000 judgment in favor of May E. Sperling, widow of Richard H. Sperling, who was killed in 1957 in a crash involving a stolen vehicle oeprated by Christine Nystrom, then 16. Great American Indemnity insured Ruth Nystrom, Christine's mother, under a family auto policy with a limit of $100,000.

In its majority opinion, the court noted that Miss Nystrom had a learner's permit to operate a motor vehicle. On Dec. 30, 1957, she appropriated without the owner's permission a 1956 Chevrolet with Ohio license plates. The car was parked on a public street in Mount Vernon, N.Y., and Miss Nystrom started the motor merely by turning the ignition switch. While driving south on Hutchinson River Parkway she was pursued by a police officer who recognized her, and whose suspicion was aroused by the Ohio plates. In her attempt to outrace him, the car she was driving swerved into the extreme right lane of southbound traffic, and she struck the rear of Mr. Sperling's vehicle, as a result of which he was fatally injured. Miss Nystrom was subsequently adjudged a youthful offender.

Court Analyzes Policy

Miss Nystrom's mother was the named insured in a family automobile policy which specifically covered a 1956 Buick owned by her. The policy provided family protection with respect to non-owned automobiles. Under the heading "Persons Insured," the policy provided that with respect to the owned automobile, the named insured and any resident of the same household, or any other person using such automobile was insured provided the actual use thereof was with the permission of the named insured.

With respect to a non-owned auto, coverage was for named insured, or any relative, but only with respect to a private passenger automobile or trailer not regularly furnished for use of such relative.

The term "relative" was defined as meaning "a relative of the named insured who is a resident of the same

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National Bureau In Top Level Changes

In a realignment of its top staff, National Bureau has named Thomas E. Murrin actuary, and Elmer A. Twaits and Daniel J. McNamara secretaries. Richard Lino has been advanced from assistant actuary to associate actuary to succeed Mr. Murrin.

Thomas E. Murrin

Mr. Murrin joined the bureau in the actuarial division in 1946 and was promoted to assistant actuary in 1951 and to associate actuary in 1958. He is a fellow of Casualty Actuarial Society and a member of its council.

Mr. Twaits, with the bureau since 1936, began in the automobile division

Elmer A. Twaits

Daniel J. McNamara

and became assistant secretary in 1946. He is a fellow of Insurance Institute of America.

Mr. McNamara has been with the bureau since 1953. Before his promotion, he was senior assistant actuary. He is a member of the New York bar and is an associate of Casualty Actuarial Society.

Mr. Lino joined the bureau as an actuarial trainee in 1949. In 1956, after four years in a supervisory capacity in the actuarial division, he was promoted to assistant actuary. He is a fellow of Casualty Actuarial Society.

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Secur-Ur-Trip of Freeport, N. Y., is placing vending machines in gasoline stations, motels, hotels, restaurants, and bus terminals to retail accident policies of up to $20,000 per motorist against accidental death or loss of limbs. The company is appointing local route distributors who get 25 cents per policy

Governing Committee Of NAIB Reelects Holmes, And Picks Unit Chairmen

At the organizational meeting in New York of the governing committee elected at the annual meeting of National Assn. of Insurance Brokers, Melvin A. Holmes, Frank B. Hall & Co., was reelected chairman.

The governing committee elected Merlin H. Ladd, Boston, chairman of the membership committee; Mr. Holmes chairman of the product research committee; G. Edward Nichols, Fred S. James & Co., chairman of the public information committee; and David H. Winton, Johnson & Higgins, chairman of the nuclear energy committee.

Fla. Disapproves Auto Casualty Rate Increase And Safe Driver Program

Florida has rejected National Bureau's application for an 11.8% increase in private passenger car liability rates and has disapproved the bureau's safe driver program. Commissioner Larson indicated that his disapproval of the safe driver plan was due to the fact it was tied to the increase in basic rates. A decrease in rates filed by National Automobile Underwriters Assn. was approved.

Venezuelan Bonds To Cost Insurers Above $100 Million

'Avals' Go Sour With Change In Government; American Company Losses Are Heavy

The venture into Venezuelan bonds in recent years by American and other insurers around the world will cost them and Venezuelan insurance companies more than $100 million before the last aval has been redeemed, according to observers in this country. A total of more than $50 million already has been paid by the insurers.

The aval is a guarantee of money borrowed by a contractor to finance a government job and written in favor of the bank making the loan. The bank would advance the money against the contract and/or real property. The bank bought the aval.

When the revolution occurred about two years ago, and the dictator, Jiminez, was replaced by the present President Betancourt, all public work stopped. Banks called on the insurers to make good the defaulted loans. In many cases where real property had been posted as collateral, its valuation was extremely inflated, even in the Jiminez economic climate. With the revolution, property values declined sharply. In any case, of course, real property is not a very fluid asset.

Avals Looked Good—Once

Up to a couple of years ago, the avals were being brokered in the U. S. Quite a number of insurers and several reinsurers took some of them, either directly or by way of reinsurance of Venezuelan insurers. They looked like safe risks since these were government contracts.

But the situation fell thoroughly apart with the collapse of the Jiminez regime.

At first the difficulty of liquidating real property, where there was any, was not fully recognized. Consequently the early loss estimates were much lower than was justified by the realities. Presently, however, most insurers involved are considering each aval a total loss and are reserving on that basis.

$160 Million Potential Loss

One estimate places the total potential loss at more than $160 million. However, there undoubtedly will be some salvage, though no one apparently is able or willing to say how much.

Avals in force Dec. 31, 1958, aggregated 579 million bolivars, on Dec. 31, 1959, 473,378,000, and on last March 31, 388,993,000. Roughly translated into dollars, these figures are $193 million, $157 million and $129 million. The latter amount was divided approximately $65.3 million and $64.3 million between local insurer retentions and reinsurer liabilities. Less than half the non Venezuelan insurer liability is said to be in non-U. S. insurers. That still leaves American companies with a substantial loss either paid or owing.

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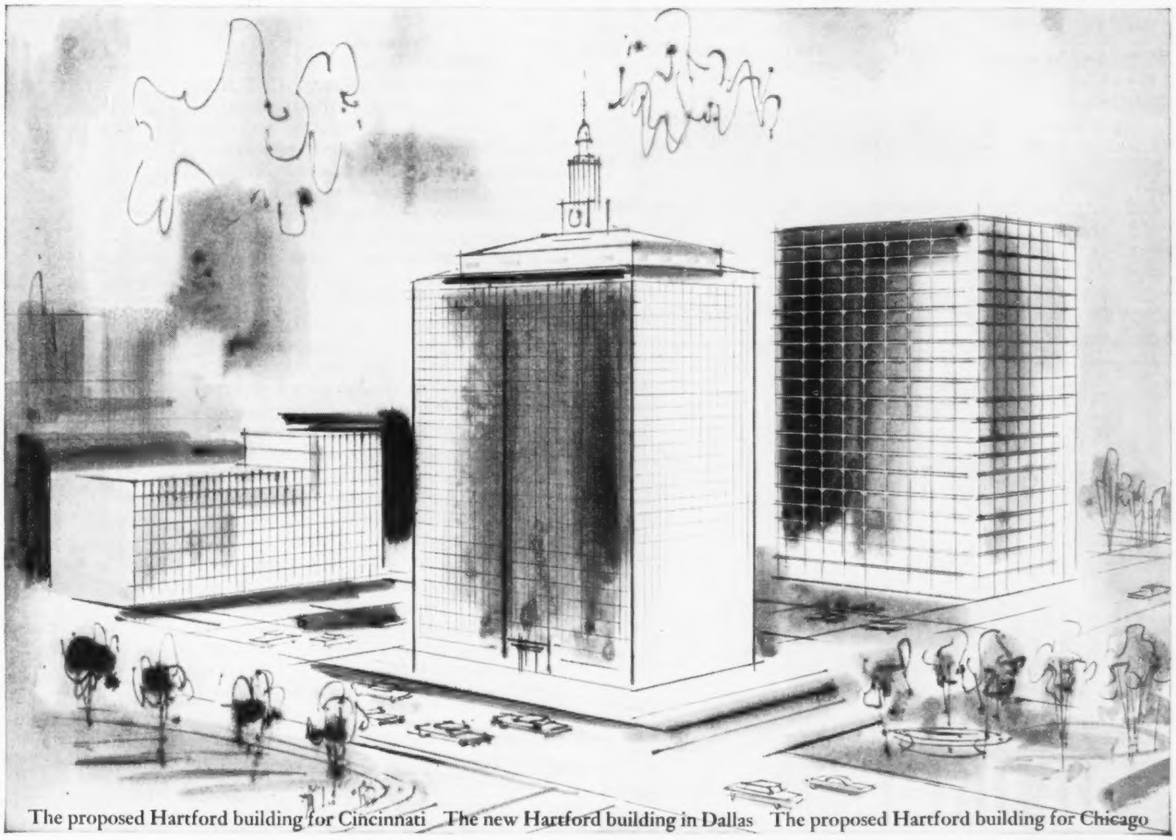
Eastern Casualty of American Casualty group has changed its name to American Consumer Ins. Co. American Casualty acquired the insurer, a New York company which writes A&S including group, in 1958. Its administrative head office is at Reading, Pa., the home office of American Casualty.

Hartford . . . A trusted name in insurance for 150 years

Hartford Fire Insurance Company
1810 1960



The proposed Hartford building for Cincinnati The new Hartford building in Dallas The proposed Hartford building for Chicago

Building...to bring better service to Hartford Agents and policyholders

Bringing the advantages of "headquarters" operations as close as possible to Hartford Agents and policyholders has been basic Hartford Group policy over the years. Steps being undertaken at the present time will further serve to promote this program.

In January of 1960, a new Hartford building was opened in Dallas, Texas. Early next year, a new Hartford building will be opened in Cincinnati. Later in 1961, a new Hartford building, replacing present facilities, is scheduled to be completed in Chicago.

These offices will become part of the Hartford Group network of Departmental offices, strategically located throughout the United States and in Canada. Other offices are in Hartford, Atlanta, New York, Minneapolis, San Francisco and Toronto. All are equipped with the most modern facilities plus the personnel necessary to give prompt, efficient and complete service to agents throughout the territory supervised by the Department.

Close contact at the grass roots, with fast, dependable service for every Hartford agent and policyholder, is a part of the "Hartford Way"—one of the reasons why so many agents prefer doing business with the Hartford.

HARTFORD *Fire Insurance Company* GROUP

Hartford 15, Connecticut

HARTFORD FIRE INSURANCE COMPANY • HARTFORD ACCIDENT AND INDEMNITY COMPANY • HARTFORD LIFE INSURANCE COMPANY • HARTFORD LIVE STOCK INSURANCE COMPANY • CITIZENS INSURANCE COMPANY OF NEW JERSEY • NEW YORK UNDERWRITERS INSURANCE COMPANY • TWIN CITY FIRE INSURANCE COMPANY

Hopps Indicted On Mail Fraud Charges

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knew it had no such facilities and had not reinsured any business written in the U. S.

The brochure listed assets at Dec. 31, 1957 of $3,616,890, but the indictment says Mr. Hopps knew more than $1.5 million of these assets represented worthless stocks and bonds of paper organizations incorporated in Panama. The indictment also charges that another item of $236,167 listed as funds held by ceding reinsurers consisted of a worthless claim in the receivership of Atlas of Alabama, which was insolvent.

Alleges Statements Part Of Scheme

Describing Mr. Hopps as American manager of International Guaranty, the indictment alleges that he mailed false and fraudulent statements of assets to Baltimore "as part of a scheme to obtain money by false pretenses from Americans, who would rely on the claimed assets and purchase coverage in the insurer." The company was engaged in the sale of insurance for unusual risks, surplus lines, mortgages and on shareholders or investors of savings and loan institutions.

The brochure mailed to Baltimore was based on an earlier statement, which the indictment says also contained false claims, that was filed with the Nevada department Nov. 1, 1957. The Nevada report listed assets, stocks and bonds of four Panamanian companies not yet formed when the document was submitted. These companies were Finance Republique, Institute Azteca de Creditos y Trust, Compagnie Intereuropeene de Navigation, and Compagnie Centrale de Gaz. They were incorporated by Mr. Hopps in Panama two months after the Nevada statement was submitted, it is charged. However, the government charges the companies did not start in business and their stocks and bonds were worthless, although Mr. Hopps claimed they had a value of more than $1 million and that dividends had been paid on them.

The sole function of the Panamanian companies, the indictment states, was to lend the color of legitimacy to the financial statement of International Guaranty. The name of International Guaranty at the time of the Nevada report was West Indische Herverzekering Maatschappij. The name was changed to International Guaranty three weeks after the report was filed in Nevada.

Violations of law are charged which carry a penalty of a fine of $1,000 and five years imprisonment.

L. H. A Pierson, U.S. attorney; A. M. Weiner, assistant U.S. attorney, and M. R. Wilkey, head of the criminal division of the Department of Justice, presented the government's case.

Mr. Hopps, through his attorney, issued the following statement:

"I have just learned of a press release from Washington having reference to the legal proceedings commenced against me. I have not read the indictment, nor have I any definite information as to the nature of the charges made against me.

In order to keep the records straight, I must reply at this time to these vicious and unfounded accusations made by the office of the Attorney General.

"The International Guaranty & Ins. Co. case has been exhaustively reviewed both in the courts and the United States Senate. Everyone agrees that all United States creditors and policyholders were paid in full, and there were no losses to these people.

"I was never U. S. manager for International Guaranty, and all testimony has confirmed that I was merely a paid technical adviser to the company. I was hopeful of receiving a fee as broker when the Chicago group bought control of the company.

"My advice to the company was related to a production of business and underwriting. I was never responsible for either accounting or the investment of company funds. I did not earn this commission and, in fact, I suffered certain financial losses because of monies I advanced for expenses. I have resigned as adviser to the company over two years ago.

"Despite the adverse publicity and financial harm I will undoubtedly suffer, I none the less welcome this opportunity to vindicate myself for the third, and I hope, last time."

Bid Prices Given For More Insurer Stocks

(CONTINUED FROM PAGE 1)

	Bid 6/30/60	Bid 12/31/59
Appalachian Natl. Life	3	2⅞
Associates Life	4¼	4½
Atlas Life	57	75
Bankers Natl. Life	20½	22½
Blue Ridge Fire	4*	4*
Central Stand. Life	18½	18
Citizens Cas.	8⅜	8¼
Citizens Life	9⅜	10¾
Coastal States Life	19	24
College Life	52	58
Consol. Am. Life	4¼	5½
Constellation Life	2⅝	3¼
Consumers Natl. Life	3*	3½
Cont. Am. Life, Texas.	1¼	1¼
Cont. Am. Life, Del.	63	65
Corn Belt Ins.	3⅜	2¾
Crown Life, Can.	195	167
Eagle Fire, N. J.	3	3⅛
Eastern Life	23	32
Equitable Life, D.C.	46½	46½
Federal Life & Cas.	79	84
Fidelity Bankers Life	6¼	7¼
First United Life, Ind.	4	5¼
Germantown Fire	125	130
Great Am. Life Und.	640	680
Great Atlantic Life	2¾	2⅛
Great Fidelity Life	2*	3⅛
Great Western Life	1*	1⅛
Guaranty Savings Life	8¼	12
Gulf Am. Fire & Cas.	2	2
Gulf Insurance	37	40
Home Owners Life	7¼	8½
Ill.-Mid. Cont. Life	5⅝	9¼
Imperial Life	80	74
Insurance City Life	28	31
Ins. Corp. of Am.	2¾	3¼
Inter-Ocean Ins.	48	50
Inter-Ocean Reins.	50	43
Investors Security	2	3⅛
Kennesaw Life & Acc.	2	2¼
Kentucky Central L.&A.	13	11½
Liberty Life	17	20
Life of Georgia	70	77
Life of Ala.	19	21
Loyal Am. Life	3½	6¼
Loyal Protective	52	60
Maine Fidelity Life	4½	7
Maryland Natl. Ins.	15	14¼
Maryland Life	57	61
Midwestern United Life	35½	35
Mutual Savings Life	7½	7¾
Natl. Bankers Life	45	57
Natl. Fidelity Life	17½	17¾
Natl. Union Life	4	4⅜
Natl. Western Life	6¾	6
Neb. Natl. Life	3¾	1½
Northeastern Life	25	33
Occidental Life, N. C.	4¾	7¼
Oil Industries Life	15	18
Old Natl., Tex.	9¼	6½
Oxford Life	⅞	1⅛
Pacific Mutual Life	11	11½
Peninsular Life, Fla.	3¾	6
Peoples Life, D. C.	35½	40
Preferred Ins.	14½	13½
Postal Life	15	17½
Provident Life, N. D.	77	75
Pyramid Life, N. C.	4	4¼
Seaboard Life	6	7¼
Security Life & Acc.	42	51
Security Life & Trust	45½	59
South Coast Life	3¼	4⅛
S. W. Am. Life	1½	2⅝
Standard Security Life	7⅛	7½
Standard Union Life	3½	3¼
Union Trust Life	6½	7
United Services Life	46	49
University Natl. Life	2⅝	2⅝
Volunteer State Life	56	55
Wabash Life	7¾	8

*Offering price

Set N. C. Hearing On Fire Rate Formula, Deductible For Electric Appliances

North Carolina Fire Insurance Rating Bureau is again seeking a new rating formula for fire and a $50 deductible on lightning-caused losses on electrical appliances. Commissioner Gold will hold a hearing on the filing July 29.

The annual filing proposes no overall change in rates but contains the same rating formula which the commissioner rejected last year. This would use a six-year rating period with chief emphasis on the most recent years of loss experience, instead of the present five-year experience period with equal weight to all years.

Last year, Mr. Gold rejected the deductible for electrical appliances for lack of adequate data. The new filing includes figures of General Adjustment Bureau for 1959 showing that 7,762 claims averaged only $32.22.

Fireman's Fund Using Sales Training Plan For Field Men In Daily Routine

Although the field man has long been considered primarily as a marketing aid and a partial sales director for his agents, in practice he has often fallen short in these functions. The fault has not necessarily been his. In general, most companies have until recently lacked a coherent marketing philosophy and organization, and field men have not been given training in the area in which they have been advertised as experts—sales.

Fireman's Fund, which has a revamped marketing division, is well along in qualifying its field men for trained performance in the roles which the competitive future demands—idea men and active sales assistants to independent agents. It is noteworthy that the Fund is gearing its sales training program for field men to the needs of the agent through whom it confidently expects to meet competition.

The Fund's program—Tri-Dimensional Fieldmanship—is a long range, comprehensive training course in modern salesmanship, designed specifically for its field force. A product of the Fund's research, development and sales unit, TDF is based on the philosophy that training to be effective must be specific. Needs were defined and training goals were established before the curriculum was designed or teaching methods were determined.

Identify Duties

Initial research in the broad general area of field training indicated that the responsibilities of the Fund's special agents had three aspects, and were distinct from those of salesmen in other industries. The Fund therefore concluded that:

1. The field man must first and foremost be a technician—a source of highly specialized information.

2. He should be a public relations man—the communications link between the "retailer" agent and the "manufacturer" company.

3. He should be a sales producer, working through agents. He should be the source of sales ideas and be able to sell them.

Since the field man's responsibilities are threefold, the Fund decided that:

1. He must be trained as an up-to-date, accurate specialist in his own line, a capable technician in the lines most closely related to his own, and that he must have a working knowledge of all lines. The depth and breadth of his cross-training should be directly related to the needs of the agents in his territory.

2. He must be trained as an idea man, capable of planning individualized promotion campaigns for his agents. He must be trained as a competent, imaginative problem solver and creative sales catalyst.

3. He must be trained in effective sales communications.

The TDF program to cover these three training areas will utilize three tested educational media: The written word—through correspondence kits; audio visual—through canned courses, slides and strip films; and face to face-training through sales seminars.

Further research, both within and without the insurance business, confirmed the Fund's belief that there is no magic formula for training, and that no one plan or curriculum can answer every need. It was determined therefore to design a basic program, to project it over approximately three years, and to retain complete flexibility in its organization and implementation.

Consequently, in order to measure the soundness of this approach and to stimulate voluntary participation of field men, the initial phase of the TDF course was tied in to the Fund's 1960 Line of the Month campaigns, each of which is a concentrated sales drive for a specific coverage for a specified period of time. Line of the month was an ideal vehicle for use of the correspondence course approach which was chosen to introduce the training program. The company felt that the correspondence course is a natural technique for introductory purposes, since it covers a broad scope of training needs, allows close centralized control, and is the least expensive training medium. It also permits evaluation of the training effort before larger monetary investments are made.

Tied In With Production

In January, 1960, when the line of the month campaign on accounts receivable got under way, the field men received their first TDF correspondence kit.

In the introduction to this 42 page booklet, they were told that they can no longer operate only as capable technicians. They must take their rightful place in the marketing process through training to meet new responsibilities. They were further informed that in the correspondence phase of the program they would eventually develop a good deal of the material themselves, through interchange of ideas sent to the home office and then collected and circulated to the field force of 400 countrywide.

It was emphasized that the success of the correspondence course depended on the field man's own ideas and active participation.

The first correspondence kit is divided into three sections. The opening section is comprised of 20 pages on the technical aspects of accounts receivable. This was to be studied for a month before introduction of the drive for business, in order that the field man could present the campaign as an expert in the line.

Other Features

Policy provisions and manual rules were reproduced, with directions for studying and mastering them. Also reproduced was the application form for the coverage and an explanation of its use. Special policy features, rating, discount possibilities, exclusions and policy amendments were described. A complete discussion of the non-reporting form was also included.

The entire first section of the kit is headed T for technical. The second section is headed D for dynamic ideas, and the field men are given tested techniques for producing them. The final section is F for facility in communicating the ideas. This completes the trilogy of TDF which, as noted, also stands for tri-dimensional fieldmanship.

Under the D section, field men were taught how to play "Idea Solitaire," in order to establish themselves as creative consultants in the eyes of agents.

A typical self quiz for the field man's use illustrates the value of Idea Solitaire:

"Who was the contractor on that industrial development program? Who is his agent? What company will write the completion bond? Who will write the fire and the business interruption? How about workmen's compensation? Are there outside salesmen? Do they drive? Who will write the fleet cover? Will the advent of an active industry increase the business potentials in the area? Will more comprehensive policies for greater amounts be required?"

The effectiveness of the idea playing game is demonstrated by suggestions received from field men during the accounts receivable line of the month campaign. Ideas from 375 field men were compiled and furnished to the entire field force.

Here are a few of the "ideas with a twist" from the field force:

1. Sell the agent himself a policy. When he's sold—he'll sell.

2. Tie in your campaign with seasonal highs in clothing sales for the Easter Parade. Help the agent write a pre-approach letter to retailers.

3. Organize a one-evening educational seminar for agents. Stimulate interest and show the possibilities for account selling.

4. Use teasers . . . postcards, personal notes on your calling cards, short slogans—"IC with ARC" (increased commissions with accounts receivable coverage).

5. Contact bankers who are anxious to have the merchants they finance fully covered. They can help in selling.

6. Sell in conjunction with fidelity

(CONTINUED ON PAGE 19)

Agents Handle Too Many Losses, Adjuster Says

E. A. Truss of Truss Adjustment Co., Richmond, Ind., writes:

A crisis is developing in the adjustment field almost unnoticed by the insurance companies and adjustment companies. This is the ever increasing trend toward agents handling claims. Seventy percent of all losses have been found to be under $300. You would think that this range of losses would receive considerable attention and supervision, but the reverse is actually the case with many companies.

Crisis Threefold

Actually this crisis is threefold. First, in order to survive, the independent and bureau adjusters must have a volume of losses. Second, the companies are daily being literally robbed of hundreds of thousands of dollars by inept, inexperienced handling of small claims by agents. Last, is the problem of training of new personnel by the independent and bureau facilities on a reduced diet of assignments.

It used to be considered that small losses were a necessary nuisance—not so now. A well known independent, operating in three states, recently told us that if he continued to experience a decline in small loss accounts, he was going to have to lay off some of his key men or, even worse, close some of his branch offices. This man and his organization are very highly regarded. He is not losing business by

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General Of Seattle Has New Division; Stay Is Manager

General of Seattle has opened an Ohio Valley division at Cincinnati and named Donald Stay, formerly sales manager for the central division at St. Louis, manager.

Donald Stay

The division will serve an area composed of Ohio, Indiana and Kentucky—all of which has been part of the central division. As of Jan. 1, West Virginia, now part of the eastern division, will be added.

Mr. Stay joined the company in 1953 as a member of the planning and research department and later served as assistant manager of the northwest division.

Other key personnel of the new division include James D. Stensrud, administrative manager; William L. Boyer, sales manager; J. E. Porter, chief personal lines underwriter, John Davis, chief commercial auto-casualty underwriter; L. H. Lauck, chief commercial fire-marine underwriter; George Umhofer, claims manager; George Harding, general operations; and J. A. Chenault, accounting manager.

Marine Forum Told How Waterfront Commission Cuts Pilferage At N. Y.

American Marine Insurance Forum at its July meeting heard Miles Ambrose, director of the waterfront commission of the Port of New York, discuss measures to reduce theft and pilferage losses.

The commission has the power to license longshoremen. The number of casual dock laborers has been reduced and longshoremen with known criminal records have been weeded out. With more employment and higher annual incomes for regular longshoremen, the temptation of workers to steal has been reduced.

The commission patrols the docks and its regular investigative work has helped reduce the problem of pilferage, Mr. Ambrose said.

New Missouri Insurer

Old Security Casualty has received its certificate as a multiple line company in Missouri. Headquarters are in the home office building of Old Security Life of Kansas City.

Old Security Casualty has a paid-in capital of $400,000 and a net surplus of $100,000. Officers, all of whom are officers of Old Security Life, are headed by J. Frank Hudson, chairman, and A. J. Blasco, president.

Initially, Old Security Casualty will confine its writings to auto physical damage.

Effect Of New Economy Type Plans On The Agent's Office Operations

(This talk was delivered before agency principals attending the school on agency management sponsored by Ohio Assn. of Insurance Agents and NAIA at Lake Erie College. Agents came from all parts of the country, and each agency represented had a premium volume of at least $350,000.)

BY THOMAS J. McKERNAN
Natl. Automobile Underwriters Assn.

PART II

Every efficient survey of an agency office routine must include a job analysis, one of the most valuable studies in an agent's office. A job analysis has many and various uses. One of the immediate benefits is its value in the training of an employe, particularly when that employe is a replacement. If there has been a job analysis of that particular function, all of the details of the work to be done by the new employe will become readily apparent.

Every employe must again be impressed that in the preparation of this analysis each and every detail, however minute, must be included in a step-by-step presentation of the exact work done during a normal work day in the office. After all the functions, duties and responsibilities are shown and explained, management will have a complete picture of all the routine functions of the employe within the office. When the analysis is read, a careful list of the duties of each employe can be used to prepare an office manual.

Valuable to Agent

This will be of tremendous value to the agent in not only describing the over-all purpose of the agency but explaining the part the employe function plays in the over-all operation of the business. The job analysis will also give the agent additional information that will point out areas in which training is required. Inasmuch as the modern day local agency is a sales office with every component part of the office system having a direct bearing upon the sales and profits, the training of office personnel becomes a matter of paramount importance in the general insurance business.

The physical planning or rearrangement of your office, based upon an analysis of the work flow study and job analyses, may, with certain minor alterations, produce a finished picture that may look as trim and logical as a machine. On the other hand, it may well reveal a surprising state of disorder, unnecessary complexity, duplication of effort, wasted space and wasted steps. If the latter is the thing that has happened to your office, the diagram will bring it sharply into focus.

In planning the rearrangement of an office, do not stick to inflexible standard sizes and shapes of conventional desks and furniture. Modern office equipment is so constructed as to fill the need of virtually any combination to suit the particular space or work area. Illustrative catalogues of modern office furniture and equipment with full details on their function and dimensions are available free from any of the companies manufacturing such equipment. Do not cling to dead systems and practices that have become outmoded—condition yourself to the rapid changes that are now taking place in the methods of merchandising our product.

Several Remedies

These studies of agency operation are not going to be of value unless there is some way of applying the analysis to come up with a remedy. The answer is that there are several remedies to be taken, singly or together. Note again that the agent must maintain his present system in order to handle the conventional, personal and commercial policies now issued through his office.

It is obvious that the economy type plans will reduce record keeping. The invoice and collection statements are no longer necessary since the plans call for the premium with the application for insurance. An agent will now only need a three-part multiple form, an expiration record, and a record of the gross premium written each month (with the commissions earned on them). Since these will be internal office records, the amount of commission and the net due the company could be typed directly on the form. The agent will also need an insured's line copy.

The expiration copy would be filed with others and the company copy filed by the company name and checked against the statement received from

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Florida Agents Will Erect Own Building

Florida Assn. of Insurance Agents will soon begin construction of its own headquarters building at Tampa. The $50,000 structure on Dale-Mabry highway will have 2,500 square feet of floor space and will house the association's staff of four when completed next January. Florida is the first state association to erect its own building.

To Accommodate Classes

Accelerated activities prompted provision of the new headquarters. The association's eight recent homeowners clinics were attended by 1,606 students. In the past five years, more than 8,000 students have taken various courses sponsored by the association.

Zurich Names Cogburn Manager At Dallas

Zurich has appointed B. D. Cogburn manager at Dallas and Jaime E. Dickerson and Robert L. Drago Jr. multiple line field representatives there for Texas and Oklahoma.

Mr. Cogburn joined Zurich in Dallas as a field representative in 1959. Prior to that he was with North British, National Union Fire, and the Texas board of insurance. Mr. Drago was with Fireman's Fund, and American Surety before joining Zurich this month. Mr. Dickerson also joined the company this month and will handle the northeast section of the territory. He had been with U.S.F.&G. at Dallas.

Dunn To Ky., Tenn. Field

American Fire & Casualty has appointed James W. Dunn special field representative in Kentucky and Tennessee. He joined the company in June. Before that he was with America Fore at Chicago.

Connell In Texas, N. M.

Cimarron has appointed Clyde Connell special agent for west Texas and eastern New Mexico. He will supervise fire and casualty production and will work out of Lubbock.

NAIA Names Kelley As Research Head

C. Harvey Kelley has been named director of research and development of National Assn. of Insurance Agents. He will assume his new post Aug. 1.

C. Harvey Kelley

Mr. Kelley has been since 1957 with North British as educational assistant and assistant to the production superintendent. He has been responsible for the company's field men's correspondence course and has also devoted much time to marketing studies. Before joining North British he was with Springfield F.&M. as a junior investment analyst.

Mr. Kelley, a Phi Beta Kappa graduate at Dartmouth, completed his business studies and received a masters degree from the Dartmouth school of business administration, where he specialized in marketing and business forecasting.

Mr. Kelley is regional membership chairman of Insurance Company Educational Directors Society and is working toward completion of his CPCU designation. Since 1958 he has been an instructor of the school of Insurance Society of New York and also of American Institute of Banking.

Fielding To Retire, Tex. Fire Prevention Bureau Names Vaughn

David W. Fielding, chief engineer of Texas Fire Prevention & Engineering Bureau, will retire Aug. 1. J. E. Vaughn, now his assistant, will succeed him.

Mr. Fielding has been with the bureau and its predecessor, Texas Inspection Bureau, for 39 years and has been chief engineer since 1947. Mr. Vaughn has been with the bureau since 1949 and has been in charge of operations concerned with automatic sprinklers since 1951.

Colorado Blue Goose Names J. B. Leyden MLG

Colorado pond of Blue Goose has elected John B. Leyden of America Fore most loyal gander; J. H. Silversmith Jr., Silversmith agency, supervisor; Robert L. Barlow, Stough-Vincent Co., custodian; William C. Bullard, General Adjustment Bureau, guardian; J. Darrell White, Braerton-Simonton-Brown, keeper, and John T. Wilcox, Springfield F.&M., wielder.

Kansas City Fire Loss Estimated At $1,840,050

Loss from the fire and explosion which destroyed the Employees Consumers Organization building and adjacent structures at Kansas City is estimated at $1,840,050. The loss breakdown is property damage, $692,600; contents, $897,500; and business interruption, $249,950.

Appointed to the **insurance committee** of Kansas City Starlight Theater Assn. are John M. Nuckols, executive secretary of Kansas Assn. of Insurance Agents; Vincent M. Hagerty, Hagerty-Aus agency; and Clinton Kanaga, Mann-Kline agency. The committee will place and service all coverage on the outdoor theatre.

Agents Analyze Company Marketing Plans; Describe Their Experience

Contrasting views on the merits of over-all company marketing programs have been expressed by prominent agents in Iowa and Illinois in reply to THE NATIONAL UNDERWRITER'S questionnaire on the subject.

An Iowa agent writes:

Iowa has been the dumping ground for all plans because of the peculiar nature of our filing requirements, and we have had to adjust rapidly to survive as an agency. We have four auto plans in use, and our volume is now split 25% on super-selective six months contracts with direct billing, 25% on super-selective annual premium on agency billing, 30% on bureau annual premium on agency billing, and 20% on the old original classification system and agency billing system.

Auto And Budget Plans

As of July 1 we completed a full year under one company's auto plan. We are convinced that our contact with insured has been lost through direct billing. Company contact with insured through direct mail questionnaires is creating extreme problems because the questions are leading, the answers are returned direct to the company and we have no information or control relative to endorsements issued as a result of the answers. The underwriting contact and our files are therefore incomplete. We will now endeavor to eliminate all direct billing and go back to those forms which give us complete underwriting control. We estimate that we have lost approximately 20% of our automobile business due to failure of our clientele to conform to direct billing and present handling procedures.

Idea Accepted

With regard to budget payment plans, we wholeheartedly accepted the idea and placed approximately 40% of our premium under a company plan. Due to billing errors, lost payments, premature cancellations and company inefficiency, we have been faced with such an administrative snarl that we have reduced the company participation to less than 10%. The remaining 30% is now under our own agency-owned and controlled budget payment plan.

We are now handling our fourth homeowners revision, and the claim confusion resulting from the limitations placed on the new policies is almost insurmountable. The plan of coverage and the idea is excellent, but age and premium have both our customers and the agents completely confused. The failure to include the automobile and basic marine coverages has cost our companies and agencies millions in premium dollars. We advocated the inclusion of the automobile when the plan was first instituted, and several smaller companies have done so with gratifying results. We find that the homeowner is a far better risk for automobile than any other class of people, and the occasional few that require cancellation or uprating would have minimal effect in the over-all picture.

I have definite ideas regarding the combination of life, A&S and homeowners. We have had a strong life and A&S department, since I am a chartered life underwriter. In fact, we wrote in excess of a million dollars ordinary last year, plus substantial group business. For the past three years we have been unable to sell successfully present combination policy plans involving ordinary life or higher premium form. The permanence of life and the transitory nature of other form appears to be incompatible and we have definitely discarded the idea of reaching the present market.

Limited Market

Most persons have purchased some form of life before they reach the age when they acquire property requiring other forms of coverage. Since none of the existing plans takes into account the assimilation of existing life premiums, the service rendered to the client is negative. His desire is to include all premiums that he pays in a single budget plan, and so far there are no companies willing to collect the other companies' life premium.

As each individual progresses financially and otherwise, his property values change radically, whereas his life program may have been completed by his parent or himself prior to this sharp increase in property values. He may move anywhere with his life policy, remitting from all points of the globe, and have his contract remain in force, but this is not true of automobile, fire and other lines under present plans.

We have long advocated cooperative advertising to combat direct writers. We have consistently spent from 7% to 10% of our budget without any assistance from any companies. If we could double our effectiveness with our advertising dollar, there is no question that we could successfully present the most effective program in the business today. I am wholeheartedly in favor of a cooperative expense sharing ad program.

Need Several Companies

We accept the package principle, but it should be extended to farms, commercial accounts and industrial operations. If the policies are to be effective they must be extended to those basic coverages which will give one agency complete control of the average family's insurance, other than life. Then, if the agency provides life, it will also control the life business.

We once thought a single multiple line company would be the ultimate answer to our problems, but we are now convinced that our preservation and growth depend on representing several strong multiple line companies, both bureau and independent, because of the fumbling, inept approach to the common market. It seems almost unreal to see the peculiar approaches made by company men who are not producers and who do not seek the counsel of producers.

You need only look at the multiple changes that have been made to realize that desk jockeys cannot read the

(CONTINUED ON PAGE 22)

Market Plans Must Be Flexible To Meet Needs Of All Types Of Agents

By JOHN N. COSGROVE

The reaction of prominent agents to over-all company marketing programs points up some interesting anomalies. The programs in question are mainly concerned with personal lines and include economy auto plans, budget payment arrangements, homeowners, sometimes life and A&S, profit sharing agreements, and cooperative ad campaigns.

It would appear that in designing these programs, companies have envisaged a stereotype agent rather than agents as they really are, and have tried to develop a uniform program suitable to all producers. It becomes increasingly apparent that such a marketing program—quite apart from the implication each contains of propelling agents toward more exclusive or single company representation—is unacceptable to agents for even more elementary reasons. The most compelling reason is that agents are as various in kind and degree as are customers. There are not only differences between good and bad agents but between good and other good agents. These variations depend on size of the agency, location, market, age of principals and staff, and numerous refinements of each of these factors.

Leading Agents Buck Plans

One ironic twist with regard to these marketing programs is that some of the companies which have adopted them are simultaneously conducting rigorous campaigns to refine their agency plants. These companies have learned through long experience that a small minority of their agents comprise the cream of their plant. For example, one insurer with 15,000 agents found that it was getting a third of its volume and half its profits from 700 agencies. Other companies in similar circumstances have determined to weed out the unprofitable production sources and build their future on the hard core of choice agents. In doing so, they are left with the very type of agent who most strongly resists the over-all marketing plans.

The very best of these choice agents are those with large volume and well-equipped establishments. Some of them have the most modern electronic and other mechanical devices for detail handling. Practically all of them long have had a budget plan of their own or one they can and do use effectively. The principals and solicitors in these agencies do nothing but sell. They have various departments and staffs for paper handling. The prospect of more selling time for the principals and solicitors through company assumption of detail—which is an indispensable part of the company marketing programs—holds no appeal for such agents. They reason that they cannot sell more than 100% of their working time, which is what they are doing now. Furthermore, they believe that their efficient operations can handle detail as well as or better than companies could.

Thus the companies which are refining their plants face the prospect of being left with the most vigorous opponents of over-all marketing plans—agents who believe they need them least.

Other Agents' Reactions

Meanwhile, the type of agent who is being lopped off for one or more reasons may be the very one who would profit most by an over-all plan. These

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Atlantic Group Consults Agents, Uses Their Views In Market Plans

In 1959 Atlantic Mutual decided to depart from the traditional trial and error method of introducing new policies. The company concluded that it was unrealistic to decide what coverages or combinations of coverage it thought would sell, and then ask its agents to market them.

Accordingly, Atlantic's multiple lines department developed a broad questionnaire on commercial property covers and sent it to a selected list of 600 producers, soliciting their views on what protection was needed and what the public would buy.

With information gained from this questionnaire, the group subsequently introduced in several states its retailers safeguard policy. Producers' ideas are built into this package.

Seminars Encouraged

The gratifying response and practical results of the questionnaire encouraged the group to go ahead with a series of informal seminars with producers in 1960.

From the outset, Atlantic felt that the seminars should give producers the maximum opportunity to express their opinions and should not be only a vehicle to convey company ideas. With this objective in mind, each seminar is limited in number of attendants, ranging from 10 to 15 persons. In each case, producers outnumber the company representatives, sometimes two to one. The informal gatherings are held around a conference table to encourage open expression of all pertinent views.

Topics for the sessions are left to the discretion of agents. However, a unifying theme has been used at all seminars: "What should we—company and agents— be doing to meet competition from exclusive agency companies and specialty insurers?"

Questions Requested

Agents, who are invited to attend seminars, are requested to send in advance a list of subjects or questions which they would like to consider, When the seminar meets, each agent is asked to specify the one subject which he would like to see featured at the session.

Atlantic also prepares a list of questions and subjects on which it desires clarification. Time permitting, these topics are also raised at the meetings. For example, here are five questions on Atlantic advertising which the company has asked agents:

1. What subjects do you want stressed in advertising?
2. What medium do you prefer—TV, radio, newspapers, magazines, direct mail, or billboards?
3. What type of advertising and promotional material would you consider most helpful?
4. How do you feel about cooperative newspaper campaigns?
5. In what ways could Atlantic's advertising be improved? In this connection, would an agents' advisory service be of genuine help?

No limitation is imposed on discussions at the seminars, and there is no

taboo subject matter, but an effort is made to keep exchanges of views within the basic theme of meeting the competition of insurers operating under a different distribution system. At each seminar an Atlantic officer is moderator. He encourages participation by all, but apportions time so that every subject is adequately covered.

The first test seminars which Atlantic held covered four principal insurance areas of the country. In each area a representative city was chosen as the seminar site, and agents from that city and from adjoining towns were invited. These areas and cities were: Middle Atlantic—Syracuse; New England—Providence; midwest—Indianapolis; Pacific Coast—San Francisco. Some producers traveled 250 miles to attend.

Advertising Of Interest

As noted, advertising was one of the principal topics of interest at the seminars. Also on the agenda were:

1. Work Simplification: How the agent can get more time to sell.
   a. Direct billing.
   b. Continuous policies.
   c. The multiple line concept: The potentials of packages.
2. Premium Budgeting: The advantage of time payments in meeting competition, and the relative merits of bank plans, company plans and Afco.
3. The desirability of more research in preparing new covers.
4. The desirability of placing all of insured's coverage in one company as against dividing his account among several insurers.
5. The evaluation of competitors operating outside the independent agency system, and consideration of their relative strengths and weaknesses.
6. The possibility of mandatory deductibles.

Results Detailed

Producers and the company unanimously agree that valuable knowledge has been gained from the seminars. Here are some of the specific results:

1. Advertising: Atlantic is now completely reevaluating its ad program in the light of information obtained at the four seminars. Special attention is being given to the selection of media, the topics chosen for consumer ads, and the preparation of tie-in material for agents. The seminars have provided clear cut direction for future Atlantic advertising.

2. Premium Budgeting: The seminars induced Atlantic to reconsider the possibility of introducing a company budget plan.

3. Market Research: As a direct outgrowth of the seminars, Atlantic will conduct additional market studies in a key Middle Atlantic state in connection with the group's casualty operations.

4. Agent-Company Relations: The seminars have prompted Atlantic to consider a permanent advisory council. As envisioned, this council will break down into several regional groups comprised of agents and company representatives. The purpose of the council will be to maintain continuing exchange of ideas on topics of joint interest.

5. Continuation of Seminars: The test meetings were so successful that Atlantic scheduled resumption of the seminars in the fall of 1960.

Other Commentary

An Atlantic executive, convinced of the merit of the seminars, has pointed out that they enable the company to gain an understanding of the collective thoughts of producers. This would not be possible by individual exposure to agent opinions or even through a field trip.

Agents are equally enthused. One veteran of 45 years agency experience commented that the Atlantic seminar in his region produced the first invitation he ever had to confer with a company on the vital topics of what the company was going to sell and how best to proceed. Reflecting a new climate in agency relations, another producer expressed the hope that Atlantic got as much value out of the seminar as did the attending agents.

Hanover Names Williams Fla. State Agent At Tampa

Thomas J. Williams has been appointed Florida state agent of Hanover at Tampa. He was formerly in the fire underwriting and casualty departments at the home office.

Finley Tucker & Brother, Jacksonville general agents, will continue to represent the Illinois Underwriters department of Hanover in Florida.

Insurance Women of Wheeling, W. Va., have elected Dorothy Zitko as president, Linda Hammer 1st vice-president, Helen Ferlise 2nd vice-president, Stella Chafin recording secretary, Rosemary Yonko recording secretary and Lee Ann Persinger treasurer.

Detroit Agents Hear Safe Driver Report

The automobile committee of Detroit Assn. of Insurance Agents, having studied safe driver plans, direct billing and restricted package policies, has reported to the membership that the safe driver plan is a success in Michigan and that most of the new business comes from direct writers—Detroit Auto Club, Allstate and State Farm—but that the companies, while happy with the loss ratio, are still somewhat disappointed with the volume.

The companies, the committee states, should not place the independent agent in the same position as the direct writer. With inflexible underwriting and "overly restricted" contracts, the agency system is retreating from its main strength of granting superior service, it is observed.

The agents also recommend that the family auto policy be improved and be the major contract in the auto field. Among the suggestions for change are that single limit liability be adopted as well as an increased limits table; that the package concept be available as an option; that medical be revised so insured can collect only one time; that a new list be adopted using the six numerical groups.

Auto Plans Too Numerous

It is impossible for an agency, regardless of size, to keep up with the numerous auto plans now on the market, the committee comments. An agent can market only the one or two plans that best fit his operations. Because no plan has all of the important features, the committee suggests that an agent selecting a merit plan give consideration to several features.

—Flexibility. Many plans incorporate little or no flexibility in their underwriting, it is observed. This is especially so in connection with low cost package contracts. "Companies that underwrite with a set of inflexible rules are no better than the direct writers and can be held responsible for most of the protests against merit rating. For example, the company with the written rule against acceptance of an insured with more than one accident in a three-year period may issue a policy and a few months later, if the insured is involved in a $50 minor accident, it will cancel because of the insured's record of two losses within a three-year period." While not questioning the procedures and underwriting rules in connection with new business, the agents maintain that once a policy is issued the agent is entitled to local underwriting "and not a set of inflexible rules to determine what is good business."

—Tickets. There is an increasing public dissatisfaction because of insurance points for minor infractions, the committee declared. Speed traps, business speeding tickets, etc., which do not necessarily indicate bad driving are charged against the insured. It is suggested that a change to two free tickets or the limitation of tickets for other than underwriting considerations would be desirable.

—Direct billing. This saves considerable time at renewal, but does not entirely solve the expense problem, the committee said. The agent is required to secure signed applications and obtain a premium check before processing, and changes requiring additional or return premium must be handled on the spot for exact quotation to the insured. Additional premiums must be collected when the rating of a risk is changed because of a MVR check. To offset these items of time consumption, direct billing gives the agent additional selling time and helps his renewal ratio.

—Restricted package policies. "One of our committee members represents a one-man agency. He writes approximately 20 new applications a month and this is a considerable increase in volume. His automobile commission income, however, is approximately $1,000 less. This agent is happy with direct billing, is pushing the package policy, is having problems with the ticket and flexibility items. He has found that the restricted policy requires that it be fitted to the customer. For instance, the 'drive other automobile' and 'home trailer' restrictions must be explained. He is required to offer the restricted contract to insured on his books because he offers it to new customers. If he finds it desirable to even switch his automobile volume to another stock company. He may be a captive agent."

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Insurance Agency of Colorado has moved to 1000 Security Building, Denver.

Says Agents Handle Too Many Losses

(CONTINUED FROM PAGE 6)

being unqualified or unreliable. It has become the accepted practice to allow the agent authority up to $200 and even $300 in many cases.

If 70% of all losses are under $300, it would seem to us that this is the place for the companies to begin to get into the black or to increase their profit. It can be done without being "penny pinchers" or rough and tough with the insuring public. Ordinary good adjustment practices will save 30% easily by attention to detail, looking for used parts, detecting old damage, justified depreciation and so forth.

The small losses fill in and bridge the gap between the larger and more serious losses. Since they are more numerous, it releases the agent of burdensome detail and gives him a chance to sell. The overhead of many agents is increasing by having to keep an extra clerk or two just to handle claims.

Where, we ask, is the personnel going to come from when the big losses come along? You don't train qualified men overnight. Bringing in a storm crew will help, but it is very expensive. It is hard to assemble a "storm crew" sometimes even for the bureau organizations. When hundreds of men are pulled away from their home areas the normal flow of business at home is disrupted sometimes for months.

Several years ago, a large eastern company became aware of an acute shortage of qualified adjusters after a series of hurricanes along the east coast. They sent a letter out to all of their agents to refer all losses to qualified adjusters. They found that the growing practice of agents handling the smaller losses was having an adverse effect by reducing substantially the number of qualified adjusters necessary to handle disaster situations. Many companies do subscribe to referring the smaller losses to an approved adjuster. It is our feeling the subject is worthy of considerable thought by all loss managers.

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New Jersey chapter of Society of CPCU will offer CPCU study courses at Rutgers University extension division at Newark in September.

Motors And GEIC Of GM Group Combine, Motors Is Survivor

Motors, the General Motors insurance company, and General Exchange, also a GM affiliate, have been merged. As of last year end, General Exchange had assets of $166,954,575 and wrote premiums in 1959 of $111,122,572, all of it auto PHD. Motors at 1959 year end had assets of $72,992,175 and premiums, all auto PHD, of $61,932,285. Thus the surviving insurer, Motors, has almost $240 million of assets and is writing about $135 million of premiums a year.

Heth In A&S Sales Post Of Indemnity Of N. A.

Donald C. Heth has been appointed director of A&S sales of Indemnity of North America. He entered the business with the company in 1946. He went with Continental Casualty and has been in sales and administrative work in A&S for that company the past 12 years.

Fireman's Fund Names Lamprey State Agent, Makes 7 Other Changes

Fireman's Fund has made a number of personnel changes.

Leonard L. Lamprey, special agent at Washington, D.C., has been named state agent there, replacing Russell W. Hawkes who has been transferred to New Haven, where he will supervise fire operations in Connecticut. Both men have been with the Fund since 1952.

David A. Whitehead has been appointed special agent assisting Mr. Lamprey. He joined the Fund in 1958 and since 1959 has handled various underwriting and field assignments.

James L. Galvin has been appointed special agent at Buffalo. He joined the Fund in 1956 as an auto-casualty underwriter at Syracuse and became senior casualty underwriter in 1958.

Charles D. Myers, formerly superintendent of Memphis claims, has been transferred to Atlanta where he will serve as administrative assistant to G. L. Carter, group claims manager. Mr. Myers will be succeeded by W. Howard Baker who for the last several years has been in the Memphis claims division.

William W. Lane has been appointed auto and casualty underwriter at Jackson, Miss., succeeding Thomas J. Avery.

Companies Aid Mutual Agents Ad Campaign Due To Start In Nov.

November has been chosen as the month to kick off a national advertising drive by mutual agents and their companies. National Assn. of Mutual Insurance Agents and the Advisory Conference, a mutual agency company organization, planned the drive to encourage more advertising and promote the use of NAMIA's mounted warrior emblem and its slogan "Mutual Agents Offer More."

J. Wallace Aggett, secretary of Atlantic Mutual Fire of Savannah, is chairman of the committee which is heading the program.

The committee is asking members of the 34 mutual agents associations to seek company support for the project.

Facts on the mutual agency system will be carried through decals, scotchlite bumper stickers, road signs, lapel pins, and literature, all of which will be made available to the agents.

Highlights of the advertising project will be featured Oct. 22-27 at a special booth during the annual convention of NAMIA in Washington, D. C. Each of the states is being asked to provide a speaker on the subject at the convention.

U.S.F.&G. Names Parker To New Post In Houston

U.S.F.&G. has appointed Wilton E. Parker agency superintendent at Houston. With the company since 1946, he started in the home office and went to Houston as a special agent in 1955. He has been superintendent of the fire, marine and multi-peril department there since 1956. He is a former president of Houston Field Club.

Rated Substandard Basis For A&S Risks Is To Be Utilized

Continental Assurance is extending the principle of rated sub-standard underwriting to the field of non-cancellable A&S insurance.

The company notes it does not intend to offer a "special" or a cancellable form of contract; nor will the rate structure have an "escalator" provision. Impaired risks will be offered a policy from Continental's standard line of non-cancellable A&S contracts. There will be no alterations and no special restrictions.

Clifton L. Reeder, vice-president and medical director, states: "Substandard applied to life insurance, as most everyone understands, simply seeks to appraise an impairment from the standpoint of average mortality and to apply a counterbalancing extra rate. Our basic questions become a matter of how much more frequently an impaired risk is likely to be disabled and how much longer he is apt to remain on our claimants' roll beyond average experience."

Ratings over and above standard premiums will range from 25% to 150%, depending on the nature, severity and normal history of an established impairment. The company's underwriters must discard shy attitudes toward blood pressure, hernias, slipped disks, EKG abnormalities, kidney diseases, bronchitis and even cancer and tubercular histories, Dr. Reeder said.

"Our claims people heartily dislike waivers, just as we do in underwriting," the medical director stated. "All too frequently we find ourselves in an unhappy twilight zone where it is difficult to agree with a claimant on the degree to which a waivered impairment has influenced his claim. We are seeking a solution and a better way."

Costello Is Treasurer Of Detroit Auto Club

James F. Costello has been promoted to treasurer of Inter-Insurance Exchange of Detroit Auto Club, succeeding H. Ross Maxwell, who has retired. Mr. Costello, who has 21 years of accounting experience, has been with the exchange nine years, the last two as assistant treasurer.

Elwood Agency Marks 60th Year

The first day of a week-long celebration honoring the 60th anniversary of DeHority & Son agency in Elwood, Ind., was set aside for representatives of companies in the agency and adjusters servicing it. Mr. and Mrs. Robert DeHority were host and hostess assisted by Robert Harris, Mrs. Madeline Robbins, and Mrs. Lois Kincaid of the agency staff. Fred C. Saal, production manager in New York of London Assurance, and Richard E. Bell, Indiana state agent, also helped. The London is senior company in the agency.

All the companies joined to present Mr. and Mrs. DeHority a movie camera, projector, and screen.

James Lillis Is Promoted

James E. Lillis has been named assistant manager of the home office recording department of Standard Accident. He joined the company in 1953 and has held several supervisory positions in the recording department since that time.

Four More Insurers Discuss Their Policyholder Relations Programs

Due to the increasing interest of many insurers of all types in policyholder relations programs, The National Underwriter has been conducting a survey of leading insurers to find out what is being done and thought in this field. The installment below is the third of the series.

METROPOLITAN LIFE

Perhaps one of our earliest formal efforts was a periodical, the Metropolitan. This was first published in 1871 and continued for a number of years. Another early publication was the Metropolitan calendar card, which was extremely popular. Even today, second generation policyholders send us copies, dated at the turn of the century, which their families have kept throughout the years.

Probably the best known example of Metropolitan's policyholder relations is its health and welfare program. To the majority of our policyholders, of course, the company's program is represented by our booklets on the subjects of safety and health. Since 1909, when the welfare division was created, more than 1¾ billion copies have been distributed.

Ads On Health Reach Millions

Equally important is our related national advertising campaign. Last year, for example, our health advertisements were seen in magazines with a total circulation of more than 481 million. Our Good Hints for Good Health, leaflet reproduction of those ads for individual distribution, exceeded 2½ million copies during the same period.

Just as the Metropolitan was the first life company to use national magagine advertising, in 1922, so it was the first to enter the field of radio in 1925, with its famous morning program of setting-up exercises. The objective in each field was the same: To present helpful information so that people might live longer, healthier and happier lives. That is still our objective today.

Nurses Made 100 Million Visits

Metropolitan's demonstration of the value of public health nursing was a particularly important example of policyholder relations. For almost 44 years, the company's visiting nurse service has helped more than 20 million policyholders during more than 100 million visits. General bedside care, maternity service, and health education for the home were provided. The visiting nurses also worked with the local communities, helping them to establish their own nursing services. When these became generally available at the end of 1952, the program was concluded to be a success.

Today's health and welfare division offers five major services, including:

—The field and community health bureau, which develops techniques to promote the effective use of health materials and professional health education services by the company's field force, health departments, medical societies, social and health agencies, and other community groups active in child health, safety, nutrition, emotional health, and geriatrics.

—The school health bureau, which develops and maintains professional relationships with educational associations, agencies, and institutions on the subjects of school health and safety.

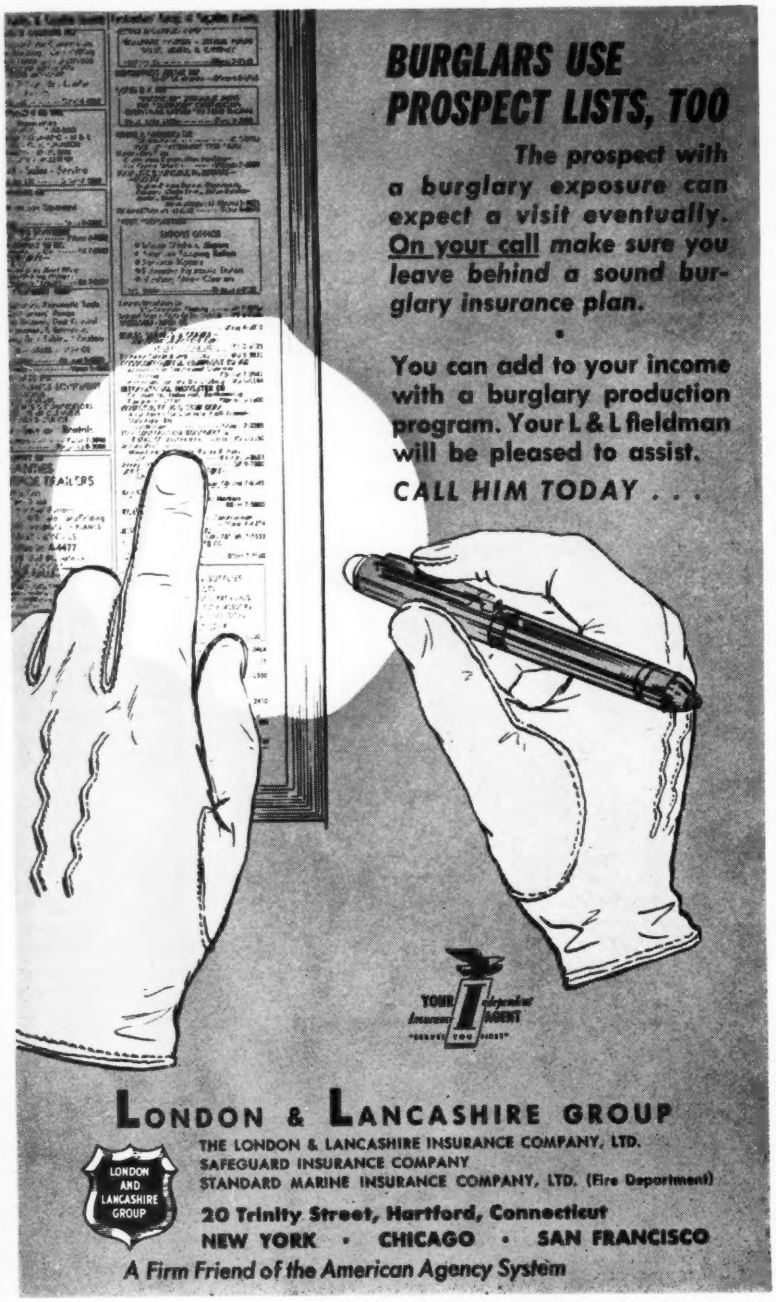
Consultation Services Offered

—The safety and occupational health bureau, which offers services and reports to group insured firms on occupational health and safety programs and problems.

—The editorial bureau, which prepares and revises health and safety literature for publication; it is also responsible for the preparation of motion pictures, film scripts, and slides about related subjects, and offers advisory services to health organizations interested in similar projects.

—The nursing consultant in occupational and public health, who maintains relations with nurses, nursing schools and organizations as regards health and welfare services, and provides consultant service on industrial nursing for group insured businesses.

Another popular feature has been the policyholders' service bureau which has assisted group policyholders with



business, large or small. For 36 years it offered information, suggestions and other assistance in response to thousands of varied requests. Although the bureau no longer exists, because of the decrease in demand for its services, the group division still maintains a unit which affords a more limited type of service.

The statistical bulletin has been well received for 40 years. About 45,000 copies are distributed monthly, not only within the business, but also to the daily press, magazines, schools, scientific groups, and individuals. To the extent that these bulletins are publicized widely, it is fair to assume that the information is not only interesting but useful to policyholders.

Attack Inflation

Despite recent emphasis on advertising for more business, for many years the company's campaigns were directly related to its health and welfare program. There have, however, been distinct exceptions. A poster about inflation, based on an advertisement originally appearing in Life magazine, was reproduced for distribution by the field force to policyholders. The subject was and is certainly as important to the 20% of the population which the company insures as it is to the rest of the population. In fact, the company is so concerned about the problem that it has also reprinted a series of three leaflets for general use and for distribution to policyholders with premium notices. A copy of each is attached with a letter from the superintendents of agencies to describe how they are being used.

Another subject which the company has publicized is the need for every citizen to vote.

Movies Portray Company Operations

Informing policyholders about their company has, of course, been the principal function of the company's annual reports. However, it has discovered that motion pictures are also quite acceptable for that purpose. In the more recent past they included "A Family Portrait" and "Newsweek Looks at Life Insurance." Each was seen by thousands of persons—policyholders and the general public throughout the U. S. and Canada. It is hoped that the latest production, "A Day of Living," will be even more popular. Two hundred 16 mm. prints are now in commercial distribution, 50 more have been made available to the field for community use, and 40 more will shortly be on the TV circuit. For theatrical distribution, 150 prints of a 10-minute version are now being processed. In addition to its own movie, the company also offer copies, of "Trouble in Paradise," prepared by the Institute of Life Insurance. Its presentation of the perils of inflation justifies national distribution.

The Institute of Life Insurance is one of the most useful adjuncts in dealing with policyholders, particularly when industry questions are raised. A volume and variety of mail is received, asking questions not only about company operations and their relation to the business in general. Many would be more difficult to answer, were it not for the material so skillfully prepared and available from the institute. The company makes every effort to obtain useful material in answer to the hundreds of letters from policyholders, which often have little to do with their individual contracts.

Information Supplied To Schools

One of the larger single groups of letters is from policyholders' children. Usually they ask for information about the company to be used in school. Apparently the replies are appreciated, according to acknowledgements which the company has received. Another personal approach is afforded by Christmas and birthday cards. Field personnel find them useful in maintaining touch with policyholders on a "something more than business basis."

In addition to this general, continuing type of policyholder relations there are more temporary and immediate situations. Among the most dramatic, and important for those involved, is Metropolitan's "disaster service." Typical is a national advertisement describing the company's efforts after the Vicksburg tornado in 1953, a local newspaper advertisement following the Middle Atlantic hurricane and floods in 1955, and special radio announcements for use as necessary after natural or man-made disasters. They present the story of the company's concern for human beings, Metropolitan insured or not, during times of emergency and stress. It is a story, and a service, which can be traced as far back as the San Francisco earthquake and fire of 1906.

Other varieties of local effort are "open house" celebrations at new or relocated district offices, and district participation in events such as town and county fairs. Each reminds policyholders about Metropolitan service in their communities. The largest open houses, were held during the Golden Gate Exposition at San Francisco and at New York World's Fair in 1939 and 1940. More than six million people, many as policyholders, visited these Metropolitan exhibits to learn in some detail what the company meant to them and to their nation.

FIREMAN'S FUND

The Record is 82 years old, but certainly young in ideas. It is the oldest fire company magazine in the nation and the fifth oldest company magazine of any category. Late in 1954, the Record was converted from a semi-tech-

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Raymond I. Otstot, vice-president and manager of the insurance department of Colorado Industrial Bank, has joined Leibman, TeBrockhorst & Co. agency of Denver. He is a director and treasurer of Denver Insurors Assn.

nical magazine on insurance to a magazine of general interest for policyholders and the public. We run, for instance, articles on humor, inspiration, sports, animals, family help, home and highway—on any and every topic having wide appeal. (In addition to the material described, we print an issue containing an additional four pages on insurance matters for employes and producers.)

Publication Offered

To be sure of diversity in writing style and material, we buy articles from top-flight writers in all parts of the country, and we have a fine staff of artists. Our press run is about 100,000—which means at least 400,000 through the agents and brokers. Policyholders, naturally, are high on circulation lists. Both the company and subscribing producers share in the cost of production, and the Record has brought a tremendous amount of good will and prestige to all concerned.

Naturally, you'll recognize the fact that the general-interest articles are largely sugar coating for messages on insurance (most of which appear in the "Family Security" section). These messages deal with all sorts of problems and facilities relating to insurance—on credit account plans, on various policies, on the need for cautious driving, on caution in the home against fire, accidents, burglary, etc., on the fact that high jury awards are partly responsible for higher automobile insurance costs, and on the need for maintaining insurance to value. We constantly advocate the expert services of the "independent insurance counselor."

Questionnaire Determines Reactions

Also the inside front cover, inside back cover and outside back cover relate to insurance, and the subscriber's agency imprint appears on both the inside front cover and on the inside back cover.

To determine acceptance of the magazine, subscribing agents sometimes send out questionnaires. Answers have been spectacularly favorable to the Record. In not a single instance has a customer said, "take me off your distribution list." The latest to make a mail survey was the progressive Chatten & Childs agency of Hanford, Cal. Chatten & Childs sent queries to its mailing list and received a 70% return. In every case, the customer wanted to be kept on the Record list. Nearly all said they read the Record regularly, and a great many said they place the Record in a handy place for customer reading.

This, will convey some idea of reader reaction. And when you consider that the producer pays only 10 cents a copy (he must order in multiples of 25), you can see that the Record is truly an inexpensive investment in good policyholder relations.

LINCOLN NATIONAL LIFE

Approximately two years ago, we instituted the practice of mailing a small booklet to policyholders along with the regular premium notices. These booklets are mailed once, twice or four times a year, depending upon the mode of premium payment.

We have sponsored in each of the last two years the NBC television show "Meet Mr. Lincoln."

Perhaps some special reference should also be made to the work which is being done in the field of Lincolniana by Dr. R. Gerald McMurtry, director of the Lincoln Life Foundation, and by his immediate predecessor, Dr. Louis H. Warren, director emeritus.

EQUITABLE SOCIETY

Each new policy receives a letter of welcome from the president.

A specially trained correspondence division is maintained to answer accurately and promptly, any questions raised by a policyholder or beneficiary.

Our claims department maintains a missing policyholders division whose purpose is to keep records from becoming lost and to make a constant effort to locate missing policyholders and beneficiaries.

Our 58 cashiers and policyholders service sections throughout the U. S. have specially trained personnel available to serve the best interest of the policyholder.

Annual Report Available

Each year the society offers policyholders the opportunity to request a copy of our annual report.

From time to time, policyholders receive with their premium notice, folders of a public service nature or facts about the Equitable.

Messages, PR Activity

The messages carried in our magazine, newspaper, and television advertising can also be considered a public relations activity.

There are many services of public relations performed locally by the agent, among them, the distribution of good-will builders, such as calendars, birthday and Christmas greeting cards, golf balls, mechanical pencils, lighters, tie clips, etc.

Conventions

July 22-28, National Assn. of Claimants' Compensation Attorneys, annual, Jack Tar Hotel, San Francisco.

August 7-12, Honorable Order of the Blue Goose, Grand Nest, Sheraton Cadillac Hotel, Detroit.

August 10-11, ABC Service Bureau, annual, Marott Hotel, Indianapolis.

August 10-11, Hoosierland Rating Bureau, annual, Marott Hotel, Indianapolis.

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.

August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.

August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.

Sept. 6-8, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual. The Greenbrier, White Sulphur Springs, W. Va.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 14-15, North Dakota Agents, annual, Grand Pacific Hotel, Bismarck.

Oct. 16-18, Arizona Agents, annual, Pioneer Hotel, Tucson.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.

Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.

Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.

Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn. Topeka.

Oct 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.

Oct. 30-Nov. 1, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.

Oct. 31-Nov. 2, Nevada agents, annual, Las Vegas.

Fireman's Fund Uses New Training Plan

(CONTINUED FROM PAGE 5)

and contract bonds. Use a financial statement and show the difference in working capital without accounts receivable.

7. Use AR as a door opener to lead a personal accounts producer into the commercial lines. Many are looking for such a wedge.

8. Challenge the agent. Give him five prospects and ask him to match them with five more.

9. Get the agent to solicit all of his customers with whom he has a charge account. This is a ready made prospect list.

10. Tie in valuable papers, physicians and surgeons floaters, bailees coverage and others.

11. Use the term "Working Capital Insurance."

12. As a sales tool, make a chart of typical premiums for various amounts, rates and type of equipment.

13. Develop prospect lists: Country clubs; office equipment and storage dealers; CPAs; fuel dealers; loan companies; telephone exchanges; delivery services; engineers; architects duplicating and addressograph companies; exterminators; interior decorators; private schools, and professional photographers. This is only a partial list.

14. Hold a sales contest among agents. Offer the winner a "Fancy Dan" luncheon award.

The Fund is continuing the correspondence phase of the TDF training course in conjunction with a drive now under way for business interruption—the current line of the month. In 1961 and 1962 the audio-visual training and face-to-face sales seminars will round out the field men's sales education.

Can't Use Production Cost Factor As Excuse To Cut Commissions, N. Y. Rules

The New York department, in an opinion by Newell G. Alford Jr., deputy superintendent, has ruled that in general an insurer "has no power to surrender to a rate making organization or to any of its competitors its responsibility for deciding how it will compensate an agent." The ruling had been asked by New York State Assn. of Insurance Agents and Greater New York Brokers' Assn. in connection with complaints against four major insurers. Producers complained that these companies reduced commissions under the premium discount plan, which is used on large general liability risks and big automobile fleets, because National Bureau had reduced the acquisition factor in a rate filing.

Mr. Alford in a letter to C. Joseph Danahy, general counsel of the brokers and agents, said "an insurer is not on sound ground when it tells an agent that his commission must be either changed, or maintained, because a rating organization has made a filing in which, in arriving at the final result, it saw fit to use a formula providing for a certain allowance for production or acquisition cost."

Trinks, Garden State MLG

Garden State pond of Blue Goose, at its annual meeting elected Robert E. Trinks, Northern of New York, MLG; David B. Roden, American Home, supervisor; Herbert D. Young, Niagara, custodian; Henry C. Bornkamp, Appleton & Cox, guardian; Francis J. Rudden, New Jersey Fire Insurance Rating Organization, keeper; and George W. Fornoff, General Adjustment Bureau, wielder.

$4 Million Fire At G. E.

A fire in a General Electric Co. building at Schenectady, N. Y., caused damage estimated at approximately $4 million. The building and contents were believed to be self insured.

Celina Names Patterson

Celina Mutual has appointed Jack L. Patterson special agent at Cambridge, O., for the territory comprising part of Ohio, West Virginia and Pennsylvania. He has been with Ohio Inspection Bureau.

Agents Attend Management Meet

Sixty agents attended a five-day advanced agency management conference sponsored by California Assn. of Insurance Agents in cooperation with Stanford University graduate business school at the university. Subjects covered were accounting methods, collection techniques, claims, account selling and servicing, advertising and public relations, agency building and perpetuation, and office techniques.

N. Y. Appeals Court Upholds $125,000 Verdict In Car Case

(CONTINUED FROM PAGE 2)

household," and the term "non-owned automobile" was defined as meaning "an automobile or trailer not owned by the named insured or any relative, other than a temporary substitute automobile." Thus, under the policy, permission to operate an auto was relevant only in the case of a non-resident third person driving Mrs. Nystrom's Buick or a temporary substitute therefor. With respect to a non-owned vehicle, the coverage afforded the named insured was without qualification: It included any utility or private passenger automobile, while the coverage of a relative was limited to private passenger automobiles not regularly furnished for his or her use. In neither of the latter situations was the permission of the owner of the non-owned automobile called for.

The insurer refused to defend Miss Nystrom in the wrongful death action, disclaiming liability, and refused to pay any part of the judgment entered against her. Mrs. Sperling thereupon commenced action to recover the policy limit of $100,000, plus costs awarded against Miss Nystrom in the wrongful death action, and interest on the judgment, and was awarded summary judgment.

On the appeal, the insurer conceded that Christine Nystrom was a relative within the definition of that term in the policy and that the Ohio car "was not regularly furnished for the use of Christine Nystrom." It contended, however, that the word "furnished" implied consent and permission, so that the phrase "not regularly furnished for the use of" could only be interpreted to mean an automobile voluntarily supplied by the owner to such relative for occasional as distinguished from regular use.

To read the requirement of permission into the word "furnished" would not only entail rewriting the phrase "not regularly furnished" so as to read "occasionally furnished, with the permission of the owner"—thereby converting the negative condition "not regularly furnished" into an affirmative condition that the car be "furnished"—but would distort the purpose which the limitation of coverage was plainly designed to serve. The exclusion of coverage for relatives driving non-owned automobiles was, by its terms, concerned with regularity of use, not permissiveness of use, and was designed to protect the company from being subjected to "greatly added risk without the payment of additional premiums."

While the insurer agreed, for a single premium, to afford coverage to the named insured while driving any non-owned vehicle, whether regularly furnished or not, it limited its single premium coverage of relatives of the named insured to non-owned private passenger automobiles "not regularly furnished for the use of" said relative. So long as the insurer is not called upon to indemnify a relative for any liability incurred while driving a car "regularly furnished" for his or her use, the limitation of coverage has been satisfied and the insurer had no just cause for complaint.

Moreover, if the policy is construed as affording coverage to a relative only when the owner of the "non-owned automobile" consented to its use, then the relative would in many, if not most cases, be obtaining no more coverage than he would already have under the policy issued to the owner of that automobile.

At the time the policy in question was issued (Oct. 17, 1957), automobile liability insurance was compulsory, and every policy issued to a car owner in New York had to contain an omnibus clause insuring, in addition to the named insured, any person operating the vehicle with the permission of the named insured. By not requiring the permission of the owner of a non-

owned automobile in the policy, the insurer must be deemed to have intended to afford additional coverage to relatives above and beyond the coverage that would automatically attach under the owner's policy to any person using the car with the owner's consent.

Phraseology Analyzed

It could equally be argued that the policy was never intended to cover a named insured who negligently caused injury with a stolen car. Yet, were it Mrs. Nystrom (or her husband, assuming he was a resident in the same househeold), rather than her daughter, who was involved, there can be no question that she (or he) would have been covered, as the policy afforded blanket coverage to the named insured while driving any "non-owned automobile," whether "regularly furnished" or not. We see no logical basis of distinction between the named insured and a relative with respect to coverage while driving a "stolen" car.

Such a distinction can be drawn only by giving the phrase "not regularly furnished for the use of" a strained and artificial construction, and applying it to a risk it was plainly not designed to guard against. The quoted phrase may not be read as meaning merely "furnished occasionally"; by its plain language it includes a car not furnished at all, and hence "implications" are completely irrelevant. It is not synonymous with "stolen," but includes "stolen" cars, which are in the same class as cars taken without permission.

Negligence The Issue

The insurer further contends that it would be against public policy to require it to pay the bulk of the judgment recovered against Miss Nystrom, since she "would accordingly be the beneficiary of the result of her own crimes."

There was no proof in the wrongful death action that Miss Nystrom intentionally collided with Mr. Sperling's car, nor were there allegations to that effect in the complaint. On the contrary, the complaint was framed solely in terms of negligence in the operation of a motor vehicle, and the judgment in favor of Mrs. Sperling, as the insurer concedes, was based solely on "the negligence of the infant defendant." The fact that Miss Nystrom had previously misappropriated the car with which she negligently caused the death of Mr. Sperling was wholly irrelevant in the wrongful death action. The manner in which she acquired the vehicle had nothing whatever to do with her liability for its negligent operation.

Based on the foregoing views, the majority of the court therefore held that judgment should be affirmed, with costs.

Minority Opinion

In the dissenting opinion, Justice Foster found it impossible to believe it was the intent of the parties that the policy would cover the operation of a stolen car. The phrase most apposite to the phrase "not regularly furnished," and one that would commonly come to mind, is "occasionally furnished." To adopt such a construction is not writing anything new in the policy. It is simply adopting the most natural implication that arises from the key word, "furnished," and carries with it the idea of use with permission, express or implied. A stolen car is never "furnished" and of course not operated with permission, express or implied.

No Case In Point

Research has disclosed no case precisely in point, probably for the simple reason that even in this age of insurance no one has conceived of a policy insuring against the operation of a stolen car where the operator was the thief.

Justice Foster continued: "Let us assume that Miss Nystrom paid the judgment and then sued the insurer. She would then be seeking indemnification for damages arising in part at least from her own theft. It is inconceivable to me that the law would condone such an action. Attention is drawn to the plight of the judgment creditor, but his rights are no greater than those of the judgment debtor. If she could not recover against the insurer, the judgment creditor may not.

Samuel Gottesman, Harold H. Wolgel and Gerald M. Smith appeared for Great American Indemnity, and Henry J. Smith represented Mrs. Sperling.

Relates Effect Of New Economy Plans

(CONTINUED FROM PAGE 7)

the company at the end of the month. It may be wise to indicate by some special marking on these forms what they are. Under this plan, checking is made easier and the agency has no collection problem. Of course, an agency can set up a separate accounting and record keeping system for these package plans. However, the integration of this information with the office's established records is desirable.

Production Of Business

To recapture the mass market agents need to find new ways of finding and approaching new prospects. The distaste for cold canvas type of approach is the reason many agents shied away from this method. Yet it doesn't have to be a high-pressure approach below the dignity of a professional insurance man. You are not trying to cram something down someone's throat for a fast dollar. You are trying to bring him something he needs and doesn't have. Cold canvas with no high pressure is a business-like way of selling insurance—and with dignity.

Using your own files, you can employ the "referral system." You can get one two, or three or more names from each insured. One strong point to this system is that when you are doing an outstanding job of servicing and contacting insured at reasonable intervals, these leads are apt to be classed more as recommendations than leads. Remember that your insured are someone else's prospect. Don't let them get away.

If direct mail or sales promotion pieces are used in the proper manner, the agent will find it hard to believe the results he can obtain. The important point in direct mail is planning. The haphazard use of direct mail is a waste of time, money and effort. Consistency, which is gained through regularity of mailing, can produce the best expectations of maximum returns.

Selling today is no different than it has been in the past. The techniques have changed from time to time but the fundamentals are just as successful today as ever. Chief among the essential fundamentals of selling is knowledge of your product, integrity, and plenty of hard work.

The agent is the important means by which competition can be met. He is responsible for sales and he has certain definite responsibilities to both companies and customers. As an independent agent, his business is supported by his customers, and the services rendered by him justify his existence. His success or failure in maintaining his agency is thoroughly dependent upon his energetic attitude in meeting his competition. The fact remains that the important job of selling is the agent's. Companies can design the best system possible, develop all types of modern merchandising methods, but the future of the agency system rests in the hands of the agents.

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NAII Initiates Grant To University Teachers

National Assn. of Independent Insurers has made a grant of $1,000 to American Assn. of University Teachers of Insurance to be used for cash awards to authors of outstanding articles and book reviews appearing in the Journal of Insurance, the association's official publication. The articles will be judged by a special committee of the association under John S. Bickley, University of Texas. It is understood that the grant will be a continuing one.

The association has also announced its nominating committee: Daniel McGill, University of Pennsylvania, chairman; William T. Beadles, Illinois Wesleyan University, and Charles Center, Wisconsin University.

Association membership now numbers 311 active, 409 associate, five honorary, eight complimentary and 139 institutional.

Agents View Company Marketing Programs

(CONTINUED FROM PAGE 9)

consumer's mind. A few moments with hard hitting, practical agents would eliminate much of the confusion that is rampant today. Our viewpoint is based on the experience of the past five years, and particularly the last two years. Each company has closed ranks on its own book of business and has so restricted itself in certain lines as to make it impossible for an agent to serve a client adequately through a single company. Agent consultation is paramount in policy formation, planning, advertising and searching out the true public need.

Views On Automation

I feel that the great hue and cry about electronic processing is meaningless until the companies extend the benefits to the agents through integrated accounting and administrative procedures. So far, they have utilized electronics 90% for their benefit and 10% for the agent's. The actual expense reduction in our agency is a myth, and I am certain that it would now account for less than a 1% saving if I converted all of my busuiness to direct company control.

We need bilateral contracts with commission floors and ceilings, based on the service of the agency, plus profit contingents over and above these floors and ceilings in order to reward a good underwriter for his efforts. I do not believe in excepted cities nor excess commission contracts. I believe that all agencies can operate within a range of ten points, taking into consideration the type of agency operated, service and supervisory need.

Agents Plan Cooperative

Agents cannot survive in our state on the present scale of commissions. With rate and commission reductions, the homeowners and automobile income has been reduced approximately 45%. These are the staple items in the Iowa agent's inventory.

When you consider that the average agency in Iowa writes only $70,000, you can readily see the financial problem which the agent faces. It is not a question of survival where premium volume is available, but companies have appointed a vast host of agents who are unqualified and therefore incapable of securing volume. A thinning of the ranks might be beneficial, but it can also have a confiscatory effect if an equitable solution is not found.

The failure to find a solution can lead only to unionization or cooperatives, with local agents seeking the benefits of the excepted cities. In Waterloo there is a plan now being formulated to place the eight strongest agencies in a cooperative which will provide centralized billing and processing, together with policy writing under the control of the cooperative. We think it has great value and are watching it with interest. It will leave each agency free to solicit and maintain its independence and selection of companies, but it has other drawbacks which are not conducive to the best interests of our type of company representation.

* * *

Adaptation to use of a company marketing program has been described by an Illinois agent:

We are co-operating with one of our companies on its marketing program. This particular company has written a

large proportion of our business, and that is why we have decided to use its plan. Like many agencies, we represent many companies, but we feel that if we tried to go along with all company plans, we would be in a worse state of confusion than we already are.

We are using the budget plan of the company I have cited, and have just signed up for a cooperative advertising program which will push homeowner's only. For many years, we have used this company's survey plan as it is the best that we have seen. In the use of this plan, we follow the instructions of the company. We have found this gets the best results, and I would say that 99% of our surveys produce new business.

Regain Income

Although this company reduced commissions on automobile and on homeowners, it revised its profit-sharing agreement with our office. It is possible, depending upon loss experience and growth, to regain commission reductions.

In line with this company's philosophy and with that of various other companies and agents, in the past six months we have put on two new solicitors. We believe that the future of the agency system is bright and unlimited, but we feel that in order to make it so, we must take advantage of every advertising and educational plan available. It has been suggested by a couple of our companies that we might have too large an office force for our volume. However, we maintain this staff to serve policyholders. In the future we must be ready to give the service which we have so long advertised as superior to that of direct writers.

Although we have followed one company's basic marketing procedure, we are still able to divide business among various companies.

—

Cravey Sets Hearing On Fire, EC Filing In Ga.

Georgia Inspection & Rating Bureau has filed for an average increase of 7.7% in fire rates, and an average reduction of 3.3% in extended coverage. Commissioner Cravey said the filings are open for public inspection at his office July 18 through Aug. 1. He set a public hearing on the filings for Aug. 5.

The fire revisions are based on experience for a six-year period 1953-58, and the EC filing on experience for a 10-year period 1949-58.

—

Insurance Agents of Greater Minneapolis will hold their annual meeting Aug. 23 in the Curtis Hotel.

Flexible Market Plans Needed By Agents

(CONTINUED FROM PAGE 10)

agents may have never been able to give a company sufficient volume because they have been so occupied with detail. Some of them might favorably regard any company relief in this area, adopt one company plan or several, and proceed to develop a volume worthy of any company's consideration. But they appear to be the agents who are going to be dropped by some insurers.

Many of these agents are close to the market of modest means on which the competitors of traditional insurers have grown fat. These agents may be the very best prospects for over-all company marketing plans. In any case, this should be considered in any agency refining procedure.

Still other types of agents are completely unconcerned with marketing programs. For example, the agent with a mortgage company connection or a real estate business, channels a substantial volume of choice fire business on dwellings and other properties, and sometimes allied lines, to his company or companies. This agent is generally referred to disparagingly as a part timer, but it is doubtful if companies would want to sever ties with him. What does a hard sell marketing program mean to such an agent? Surely he is not going to drop out of the mortgage business or cease selling real estate to become an ardent apostle of company marketing plans.

Still Other Types

The agents herein described do not begin to exhaust the innumerable types to be found in any large company's plant. It would be a formidable task to analyze them in detail. Yet that is a job which companies might be well advised to undertake in their agency refining procedures. It might be in order not to concentrate solely on past agency performance, but to give increasing attention to agency potential in order to determine the applicability of marketing plans to different types of agents. These plans had their genesis in a desire to meet the needs of the so called mass insurance market. Perhaps there is also a mass market of agents who are the best prospects for the plans in their entirety. These would be agents strategically located and with other characteristics that make them the ideal competitors of the exclusive agency companies. Traditional insurers may eventually find that this type of agent will be the one who fully uses an over-all marketing plan with company handling of detail. Other types of agents could use part of a plan or even an entirely different program.

Perhaps companies have made this clear distinction in their own thinking, but if so, they have not made that fact clear to agents in general. This lack of clarification may be the reason for resistance to the marketing programs designed with a stereotype agent in mind.

Specific Objections

This resistance, however, goes deeper than general opposition to the entire idea of a marketing plan. It is significant that the most prominent agents —those a company is likely to retain after an agency refining procedure—have voiced objections in detail to the components of these programs. Some of them don't like individual economy or bureau auto plans, claiming that coverage is sacrificed for price. They don't like individual company budget plans, but prefer other arrangements for financing which they can control.

These agents oppose the 1959 homeowners. They believe that they can sell homeowners at a "fair rate of commission," and they don't want "to be dragged into a price war."

While some of these agents favor cooperative advertising, others maintain that when a company pays all or part of the ad bill, the agents must dance to the company tune.

Some of these agents who have been selling life think that a life affiliate of a fire and casualty insurer with an over-all marketing program would have little appeal to their customers. Others point out that prospects with substantial property interests already have life programs. Still others want to keep their life and A&S affairs separate from property and casualty. They point out that if general experience goes sour, they may be cancelled by the company. Then they would have the unenviable job of selling a new life company to the customers—an even more difficult task in their view than selling a new fire and casualty connection.

Fundamentally, agents' objections are based on price cutting and lower commissions. The validity of their

objections goes right back to the individual circumstances of the agent. Agents should not generalize about the undesirability of over-all marketing programs any more than companies should generalize in formulating them.

Both parties must realize that these plans were devised to salvage business for the independent agency system. The word "system" is the danger signal. Companies must find out those agents in the system who can use over-all marketing programs in their entirety. Then they must make their programs flexible enough to be used successfully (and happily) by all the types of producers—particularly those who are the backbone of their agency plant.

Thus there really can't be a single, one speed, one design marketing plan for all producers. The marketing program must be flexible enough to fit all of them and lead to good results for both agents and the company—or it will fail in part or whole. After all, the most successful competitors of agency companies have divisions in their marketing organization for part timers, for new agents, for old and well established agents, and even for women salesmen.

Underwriters Adjusting Promotes Eylar, Straesser

Underwriters Adjusting has promoted Ollie Eylar, manager at St. Paul, to general adjuster at Minneapolis. He is succeeded at St. Paul by Lowell M. Straesser, who has been transferred from Decatur, Ill., where he had been manager.

Arkwright Mutual has elected as a director David F. Edwards, chairman of Saco-Lowell Shops.

Value 2 Planes At Over $1.8 Million

Two airplanes were ditched in the Philippines area last week. A Northwest Orient Airlines DC-7C which came down near the island of Jomalig was insured with Associated Aviation Underwriters. The hull was valued at $1,750,000.

The plane, from New York, via Seattle, Anchorage, Tokyo and Okinawa was within 150 miles of its destination, Manila, when a propellor detached and the wing caught fire.

The second plane, a Philippines Airlines DC-3, was believed to have been insured in the London market. The hull was valued at around $75,000 to $100,000. It was ditched in shallow water during an inter-island flight from Negros to Mindinao. All 31 persons on board were rescued.

Wonders If Companies Need Two Daily Reports

Alfred R. Kelley of the Lanphar-Kelley agency of Detroit writes:

More of our companies than ever before are asking for dailies. One of these dailies goes to the home office and the other to the branch office.

The net result is the reverse of a streamlined operation because when the duplicate dailies go to the bureau there is twice the handling. In most cases I believe the two dailies then go to the branch office. The branch office then sends the other copy to the home office.

More People Needed

This increased handling means that twice as many people will have to be hired to do the double filing and the other jobs that go with it. Thus, we find that instead of streamlining the business we are adding to the overhead expense at the very time when the business can least afford it.

This double handling is only one part of the problem because for every piece of paper received in a branch office or a home office it must finally come to rest in a file cabinet costing $50 to $100 each on a spot on the floor which is worth probably $25 per year for the average size file cabinet including the space necessary for opening the drawers.

Extra Copies Needed?

Arguments will be made by the companies that branch offices should have copies of the daily if they are to properly service claims. Consider, however, that if as many as one out of four policies has a claim that 75% of this duplicate work is entirely unnecessary. Remember, the agent always has an up to date copy.

And it is not just the original issuance of the policy where this double work shows up in the form of waste motion and unnecessary filing cabinets and floor space. In the average three-year period it would be my guess that at least 50% of the policies have to be endorsed at least once. It may be an increase in an amount, cancellation of a mortgage clause, addition of a mortgage clause or other change in ownership. If the branch office and the home office records are to be complete the endorsements have to be issued in duplicate and the same double process is repeated.

I believe the companies should review their procedure in this area of double work and, if they do, I believe they would save many thousands of dollars that are now being wasted.

Safeguard Raises Huntting To V-P

William H. Huntting has been elected vice-president of Safeguard of London & Lancashire group. Mr. Huntting, advanced from secretary, will supervise the company's casualty underwriting and also become an assistant manager of London & Lancashire.

Mr. Huntting was in the agency business before joining the group as special agent at Hartford in 1951. He was transferred to the home office in 1955 and has been primarily concerned with casualty lines.

New **CPCU** designees and their spouses will be honored by Chicago chapter of CPCU with a dinner-dance, Aug. 26, at the La Salle Hotel.

Majority Of Senate Unit Is Critical Of States

(CONTINUED FROM PAGE 1)

to supply needed protection. He denies that the testimony indicates there has been an increase in centralization. On the contrary, the large insurers today control a smaller percentage of the market than they did 20 or 50 years ago. Mergers are not in themselves evil, so long as they are functional and do not act to curtail competition.

He also strongly questions the majority opinion that the states have failed to prevent restraints of trade, monopoly and unfair trade practices. In fact, statistics show that competition has been increasing.

The states are doing a good job, and there is no indication that the federal government has the manpower or the talent to provide a superior regulation of the business. However, he does not object to periodic federal inquiries into the effectiveness of state regulation. Too, the states can make improvements, he concedes.

Sen. Dirksen strongly defends the rights of the states to regulate insurance, as a constitutional matter. He also finds that the base of criticism by the majority, which consists largely of one questionnaire submitted to insurance departments, is not broad enough to justify thorough study of the business and all of the insurance departments would be enough. In view of the fact that policyholders have had no complaints, a broad investigation is not justified.

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To Sponsor Insurance And Government Seminar

(CONTINUED FROM PAGE 1)

panies and their financial affairs; the proper role of government in the health insurance field; monopoly conditions in the life business; the role of government in regulating the affairs of insurance.

It was explained that the University of Wisconsin symposium is the outgrowth of the current federal investigation into insurance by the Senate subcommittee on anti-trust and monopoly conducted by Sen. O'Mahoney of Wyoming. Many of the problems raised in the subcommittee hearings are yet to be resolved, and the university feels a forum should provide a milestone in the thinking and literature relating to insurance regulation.

Housing facilities are available to accommodate a limited registration from industry and government. The fee for the two-day conference, including some of the meals but excluding housing, is $50. Reservations should be sent to Dean E. A. Gaumnitz, School of Commerce, University of Wisconsin, Madison 6.

AVAILABLE
CASUALTY UNDERWRITING MANAGER

15 years experience major Casualty lines including autonomous supervision of Underwriting, Engineering and Audit Depts. Desire similar position in Chicago Branch Office. Write Box S-68, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Turn a few hours a week into quick cash. Represent, in your community, publisher of new, fast-selling legal service to attorneys and insurance companies. Excellent commissions arrangement. STATEWIDE JURY VERDICTS, 333 WILLIAMSON BLDG., CLEVELAND 14, OHIO.

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Our organization is entering the commercial liability and fire field. To direct this effort we need an experienced sales executive—experienced as a leader and a producer. He should have 5 to 10 years sales experience in these fields and under 40 years of age.

This is an opportunity to assist an expanding organization grow at an even greater rate. Opportunities in both position and salary are unlimited. This coupled with security and the best benefit package makes this a once-in-a-lifetime deal. All replies are strictly confidential.

PERSONNEL MANAGER
ALLSTATE INSURANCE COMPANY
5510 Greenbriar Dr.
Houston, Texas

COMPANY EXPANSION

Will organize and put in operation a Branch Office for Western Michigan, for Fire, Casualty, or Multiple Line Company to optionally take over at any time. Write Box S-80, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Exceptional opportunity for qualified fire adjuster, capable of handling large volume of claims and able to assist in the management of expanding Oklahoma independent adjusting firm. Minimum of 5 yrs. exp. and college education or equivalent is necessary. Earning is based upon production with a draw in excess of $500 against actual earnings plus automobile and expenses paid. To the right man, we would consider reimbursing ½ of moving cost after 6 mos. employment and balance within 2 yrs. Application must be in writing and will be held in confidence. Submit qualifications, refs., snapshot, and exp. in first letter. Personal interviews will be paid by co. Reply Box S-81, c/o National Underwriter Co.

We will pay very well immediately and offer substantially greater income in the future to a man free to travel extensively. We are a General Managing Agency with a history of success in the field of Travel Accident Insurance. Background should include Agency contact and knowledge of the Insurance business. Please write giving history, or if convenient, please feel free to call on us.

FEDERAL UNDERWRITERS
636 South Park Street
Madison 5, Wisconsin

EXECUTIVE AVAILABLE

Success pattern of developing Life and Accident and Sickness production for multiple line organization. Currently Home Office Sales Training Director. Six years managerial experience, age 36, energetic, college graduate. Willing to re-locate for right opportunity. Reply Box S-54, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE FIELD OPPORTUNITY

An expanding Agency Multiple Line Mutual company has a good opportunity for a qualified man to work out of Portland office, traveling states of Oregon and Washington. We have advancement opportunities if you can produce. Fire or Casualty experience necessary either as an agent, underwriter, fieldman or as a direct writer. Please give resume of your qualifications and salary requirements. Write Box S-64, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

I B M SUPERVISOR

Midwestern casualty company offers excellent opportunity to right man. Must be experienced and receptive to modern ideas of data processing. Submit resume of qualifications and experience plus expected starting salary to Box S-75, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANT ADS

Rates—$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

COMMERCIAL FIRE UNDERWRITER

ARE YOU—the man with approximately 5 years of "final approval" Commercial Fire Underwriting experience?

IF SO—there is a challenging, ground-floor opportunity in our Pasadena, California office for the true functional Underwriter to assume full responsibility in our newest line. Knowledge of rating necessary for training purposes only but this is an Underwriting function in the finest sense. No travel, an open salary, plus excellent benefits (including profit sharing), stability and growth.

TAKE A MINUTE to check, without obligation, this chance-of-a-lifetime. It may be the opportunity for which you've been waiting.

ALLSTATE INSURANCE COMPANY
600 Sierra Madre Villa — Pasadena, California
Attn: Mr. Varco, Personnel Department

UNUSUAL OPPORTUNITY for SERVICES MANAGER

Progressive minded 35 year old Casualty Company is streamlining its operation. We have an unusual opportunity for a man under 35 with policy production experience to take complete charge of our policy production line, clerical personnel and to coordinate the use of our electronic equipment. This is a permanent position carrying department head status. We want a capable man who through actual experience knows this phase of the business and who is willing to grow with a growing company. Salary open. Retirement and full insurance benefits. Submit biographical information, qualifications and expected starting salary in writing only to personal attention of Secretary.

HERITAGE MUTUAL INSURANCE COMPANY
809 North 8th Street — Sheboygan, Wisconsin

SAFETY DIRECTOR

Because of rapid expansion in the past two years our company, located in the middlewest and specializing in long haul truck fleets, must have a man who is able to organize, plan and direct an overall Safety Program for our policyholders. Must be willing to relocate, travel extensively and work without supervision. Car and expenses. Salary open. Write to Box S-70, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced payroll auditor for established stock casualty company in Chicago. Excellent opportunity for advancement. Salary commensurate with ability plus fringe benefits. No traveling. Apply by letter setting forth age and experience. Write Box S-76, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Compensation, Liability, Auto Underwriter for Chicago office national Brokerage organization. Need experienced man to assist in Casualty dept. Company and customer contact, interesting work—excellent future. Our staff knows of this. Submit resume to Box S-44, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Company to write financial responsibility in Michigan. Agency can produce at least 50 thousand in premiums per year. Write Box S-78, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE AGENCY

$56,739 gross. Commissions — $13,598. Selling price—$20,400. Stock companies. $5,000. down; five years. Building and equipment available. Average commission —23%. Write P.O. Box 63, Detroit 23, Michigan.

OCEAN MARINE UNDERWRITER

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Replies confidential

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FIRE UNDERWRITER

Progressive stock agency company has need for a fire underwriter with several years experience, especially in commercial lines. Should have knowledge of inspections, rate make-up, capacity, etc. and be familiar with commercial property and industrial property forms. Portion of time to be spent on outside sales working with field men, with headquarters at Branch Office, Columbus, Ohio. Submit resume of experience to Box S-72, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITER

Expanding A+ specialty fire insurance company in the Chicago area desires Inland Marine Underwriter with 4-5 years of experience handling large commercial lines to assist in the development of multiple-peril programs. Write stating education, experience, and salary desired. All replies held confidential. Address Box S-77, c/o National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INLAND MARINE UNDERWRITERS

Young men with 2-5 years experience desired, familiar with controlled and non-controlled lines. Job opening may appeal to qualified assistant underwriter looking for a better opportunity with excellent employee benefits and growth potential with well-established company. See J. Freeman or call ROdney 3-8300, TAlcott 3-1175. Aetna Insurance Co., 300 S. Northwest Highway, Park Ridge, Ill.

INLAND MARINE UNDERWRITER

Opening in Home Office of "A" rated multiple line stock company for experienced Inland Marine Underwriter as Assistant to department head. Salary based on experience and ability. Reply—Personnel Dept., Commercial Standard Insurance Co., P.O. Box 12216, Fort Worth, Texas.

Editorial Comment

What Is Right With This Business?

(From talk before Mississippi Assn. of Insurance Agents.)

It is not easy to be a successful agent. It requires energy, more than ordinary training, hard work, and attention. But in few other enterprises can the young man with little capital and no inventory establish a business of his own of the same durability and dollar value in the same length of time.

What are the economic opportunities of the business in general and of agencies in particular in the days ahead?

Statistics on the 1960s, though dry, are much brighter than the gloom that seems to have settled down on the agency business in the past three years.

The 1960s are very promising. Fundamentally, of course, this is a growth business. Fire and casualty premiums have doubled since 1950 and quadrupled since 1940. In the next 10 years they will increase from $12 billion to $18 billion a year, at least.

There are going to be more people to insure. The population will increase from 180 million to 215 million, the number of household units from 52 million to 63 million by 1970. The number of motor vehicles, presently 70 million, may reach 100 million by 1969.

The biggest increase in population will come in the younger and older groups. This is going to mean more problems with automobile insurance. But if there were no problems, the agent would have nothing to insure. If there are more older and younger people, there is not only a greater need for automobile coverages but also for the protection of life insurance and disability coverages.

Many persons are underinsured today. Their property is underinsured. They don't carry high enough limits of liability. They don't have medical payments or don't have enough. They haven't been sold uninsured motorist coverage. There isn't enough fire and casualty insurance being manufactured today in this country to supply the demand. Consequently, a very large amount is being exported every day.

But fire and casualty insurance is not the only field in which people are uninsured or underinsured. Americans are grossly underinsured for life insurance. To capitalize the earning potential of the typical family head in this country requires between $100,000 and $300,000. Yet the average amount of life insurance on heads of families in 1959 was less than $9,000.

The family incomes of the country are by no means fully protected in case the head of the family is disabled. Income interruption, like business interruption, is woefully undersold. Yet more than 60% of American families are buying homes with loans. These mortgages exceed $125 billion. Income continuance insurance has become almost mandatory for the family buying so much on the installment plan.

Thus in general the prospects for the agency and the agency business are quite favorable. And they are expected to grow substantially in the 10 years that lie immediately ahead.

But, it is said, new systems of agency representation are encroaching on the agency system and reducing the opportunities for the independent agent.

Since the business is there, aren't there going to be competitors after it, whatever kind of competitors they may be? Is it any easier to lose business to one kind of agent than it is to another?

One thing that creates more opportunity for the agent today is the emphasis of companies on the marketing of all kinds of insurance. More than 125 company groups now include life, fire and casualty. More are coming.

What makes this logical is not how insurance companies are organized, or how agencies operate. What makes it logical is the insured's insurance needs. A good job of advising the client on the risks he runs and what he should do about them can be done only by someone looking at his entire situation and not just at parts of it.

Also, it is uneconomical for the insured to support two, three or four agents.

Beyond that, if the agent sells life, he is giving the client dollars that belong to him and that he or his family gets back. That is seldom true of the protective coverages such as automobile and homeowners.

What sense does it make to provide a client with $50,000/$100,000 liability limits and leave him going around with $5,000 of life insurance? It doesn't make any more sense than to sell him $25,000 of life insurance while his home is insured for only the amount of the mortgage while his $10,000 equity in the property goes uninsured against fire, wind and other perils.

Why shouldn't the agent do the whole job? Why not handle the capitalization of the individual's earning power and his savings through life insurance, mutual funds and variable annuities, as well as protecting what he has with homeowners and automobile insurance, and protecting his earning power against accident and illness with disability insurance?

Note that it is easy for insured to change from one agent to another for almost any reason, including price, if there is only one contact in three years on one policy. The addition of other services is vital to the agency for the very selfish reason of customer continuity and profitability of the account.

It also changes the agent from a partial adviser and puts him in the position of being a professional consultant.

But even before many insurance companies have accepted the idea of providing all of a customer's insurance needs, a few companies have begun to finance the home and the automobile that they—and their agents—insure. This should not astonish the independent agent, for he has had the opportunity to do all this for many years—and quite a few agents are doing it. They are providing the insurance and the financing and earning commissions on every transaction.

It is a little surprising then that many agents have raised objections to the marketing of a complete portfolio of insurance by one company group. All the company is doing here is to serve insured on an account basis, a sound practice which agents invented. And the companies are doing it for the same reasons—they can do a better job for insured; and they can do it more economically and with more profit to themselves and their agents.

It is true that when one company group does it, the individual, personal account becomes large enough almost to require monthly or quarterly installments. This represents a vastly more frequent and therefore more expensive billing process. To offset the greater frequency of billing, preparation of bills by the company through use of electronic device becomes essential and therefore inevitable. Companies can handle the billing through the agent or directly with insured.

Agents see inevitably growing out of this a closer relationship of the agency with one company group; or depending on the size of the agency, with two, at most with three, company groups.

But this is not as much of a threat to the multi-company agency system as is a continuation of the old practice of having 15 to 30 companies in an agency. Why? Simply because the agent can't do much for 75% of the companies in his office if he has 15 to 30 of them. More important, they can't do much for him. It is very expensive to the agent and company and leads to an underwriting deterioration that companies No. 5 or worse in the agency can't live with.

Many strongly independent agents place 75% or more of their business with one group and have done so for years because it saves them money, they get more underwriting consideration, and they have commission contracts that are among the best in the business.

In recent years more and more life companies have been getting new business from independent producers. But the alert independent agent hasn't stopped there. He is adding variable annuities. A West Virginia local agency whose president once headed the state association has just formed a facility in his office to act state wide as general agent of Variable Annuity Life Ins. Co. More local agencies are selling mutual funds. Mutual fund contract purchasers are guaranteed completion of their purchase by credit and disability insurance. Today contracts for the purchase of mutual fund shares by installment payments are going on the books at a rate of 30,000 a month.

All of these products are available to the agent. He has a freedom of product choice no other type of agent has or is likely to have in the near future.

This is a wealth of product, offering substantial opportunities for multiplying contracts with and services for insured, for delivering protection of what the man has, capitalization of what the man is worth, and protection of his earning ability today and for all of his future.

If the agent is not already advising his clients fully and wondering where he is going to find the time to sell more and service more, perhaps the answer can be summed up in the phrase:

The young man sells; the older man advises. That is an unbeatable combination.—K.O.F.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

Published by The National Underwriter Co.

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Personals

Miss Fannie Hardy, executive assistant to the commissioner of Arkansas, was elected president of National Federation of Business & Professional Women's Clubs at the annual meeting

in Philadelphia. The organization has a membership of more than 175,000 business and professional women. Miss Hardy has been with the Arkansas department since 1953.

Joseph P. Schwartz of the Schwartz & Coogan agency, New Orleans, has completed 50 years in the business.

Robert M. Stewart, vice-president Vickery, Hoyt & Graham, London Lloyd's representatives of Chicago, is visiting Lloyd's brokers and underwriters in London. Part of his trip will be spent with his son, John Stewart who is stationed in Heilbronn, Germany, in the U.S. army.

Charles B. H. Loventhal, president of Loventhal Bros. agency in Nashville, was honored at an office surprise party marking his 75th birthday and his 60th year in insurance. The agency was founded in 1889 by his father, L. J. Loventhal.

Percy D. Worgess of the Worgess agency, Battle Creek, and Mrs. Worgess have taken a jet plane to England to attend the International Stamp Exhibition. They will tour France, Italy and Switzerland before returning home.

Deaths

GIRARD A. MAVON, 75, chairman of G. A. Mavon & Co., metropolitan supervising agency of Chicago, died. He had headed his own agency for 42 years, although recently, owing to illness, he had not been able to devote full time to business affairs.


Girard A. Mavon

A respected and well-known figure in Illinois insurance for many years, Mr. Mavon started his career with Walla Walla Fire in Chicago. In 1913, he became a local agent, establishing his own business at 63rd and Halsted Streets. He later joined Dubuque F. & M. as Cook County manager and in 1916 started the present agency of which his son, Phil, is president.

G. A. Mavon & Co. was the first tenant upon completion of the annex of the Insurance Exchange Building, where it has since remained.

Girard Mavon and his wife, Gertrude, recently celebrated their 50th wedding anniversary at a party in Hinsdale given by their three children, Mrs. A. K. Flagler, Mrs. Robert Whitney and Phil Mavon.

ROBERT L. TILFORD, 70, who retired last May as superintendent of the public utilities and electrical department of Indiana Rating Bureau, died. He was with the rating bureau 41 years and held his last post about 15 years.

HAROLD HARRISON, 56, manager at Los Angeles of North America, died at St. John's Hospital, Santa Monica. He had been with the company for 42 years, starting as an office boy at San Francisco.

T. BRYCE CONLYN, 75, who had been manager of the Washington, D.C., branch of Travelers for 29 years prior to his retirement in 1949, died at Providence Hospital. He had been with the company 45 years.

DANIEL W. BAKER, 25, district manager for Wisconsin and Minnesota of Rough Notes Co., died in Methodist Hospital, Indianapolis, after a brief illness. He had been with Rough Notes a year, moving to Milwaukee about eight months ago following his promotion to district manager. He formerly was with Great-West Life in Indianapolis.

WALTER H. MAEHLING, 68, Terre Haute agent and a well known figure in Indiana politics, died of a heart attack. Mr. Maehling was a leading Democrat in the Indiana legislature since 1943, serving on the insurance committee, the budget committee, and as chairman of the ways and means committee. He had also served as majority and minority leader of the house.

W. BARTON MASON, 77, Orange, Va., agent, died at a Louisa, Va., hospital. He founded his agency in 1912 and was one of the organizers of the volunteer fire department in Orange.

L. A. SNYDER, 41, local agent at Owosso, Mich., died.

CHAPMAN BROWN, 46, assistant secretary of North America, died at Chester County Hospital, West Chester, Pa. His first position with the company was as special agent at Pittsburgh in 1938. He was named manager of the rating and research department in 1957 and assistant secretary in 1958.

NORMAN T. ROBERTSON, 78, former president of Continental, died at White Plains, N. Y. He joined the company in 1904 as a special agent in Texas. He was transferred to the home office in 1906 when he held various positions until his assignment to new duties with Fidelity-Phenix, when he was successively agency superintendent, assistant secretary, and manager of the western department. He became president of American Eagle in 1921 and president of Continental later that year. He resigned from that post in 1924. In his long career he had also been in the general agency business and later was a reinsurance broker. He had also been vice-president of National Liberty and president of Germanic Fire, Secured F.&M. and Secured Casualty. In recent years he had been an associate and security analyst of Shelby Cullom Davis & Co., New York investment specialist.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, July 19, 1960

	Bid $	Asked $
Aetna Casualty	81	85
Aetna Fire	85	87
American Equitable	40½	42
American, Newark	27½	28½
American Motorists	13½	14½
Boston	33	34
Continental Casualty	67½	68½
Crum & Forster	63½	65½
Federal	58	60
Fireman's Fund	54¾	56
General Re.	102	105
Glens Falls	35½	36½
Great American	44	45
Hartford Fire	49	50½
Hanover	42	44
Home of N. Y.	56	57½
Ins. Co. of No. America	61½	63
Jersey Ins.	31½	33½
Maryland Casualty	35½	36½
Mass. Bonding	39½	41
National Fire	134	139
National Union	37	38
New Amsterdam Cas.	53	55
New Hampshire	52	54
North River	36	37½
Ohio Casualty	28½	29½
Phoenix, Conn.	79	81
Prov. Wash.	22	23½
Reins. Corp. of N. Y.	21½	23
Reliance	56	58
St. Paul F. & M.	56	58
Springfield F. & M.	33	34
Standard Accident	49	51
Travelers	87½	88½
U. S. F. & G.	42	43
U. S. Fire	29½	30½

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT
Cartwright, Valleau & Co., Board of Trade Building, Chicago.

Aetna Fire has been a mercurial performer in the insurance stock list. After making a straight line advance from 73 to 97, it fell back into the 80's and had several swings of four or five points. Monday morning it was 84 bid. With investment earnings of $7.50 or so per share, underwriting profits could be such as to produce earnings of $10 or $11 per share—mainly tax free by reason of tax credits. Also, Aetna is a prime candidate for an amalgamation with a life insurance institution when and if the New York impediment is removed. Phoenix moved up in sympathy but without the same mercurial action.

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Travelers continued to be in strong demand and stretched its lead over Aetna Life. The two possess similar values and frequently are quoted just about even Stephen. Travelers was 88½ bid Monday morning, Aetna Life 82½.

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Continental Casualty, which for several weeks singularly of the insurance stocks, staged a fast runup, fell back about 10 points, as buying orders disappeared. National Fire also dropped 10 points following word of the swapout whereunder Insurance Securities Trust Fund of Oakland sold its 50,000 shares of National to Continental Casualty and received in exchange cash and 20,000 shares of Continental Assurance. Continental Casualty now owns more than 80% of the stock of National Fire. Thus they can now make a consolidated statement.

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New Amsterdam Casualty has been uncommonly active, suggesting a flirtation. The stock has had a recent advance of about 6 points, to 54.

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General Reinsurance crossed the 100 mark. It has been one of the best insurance stocks of recent years.

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Great American Life Underwriters advanced about 60 points in short order and Monday morning was 710 bid. Behind each share of G. A. L. U., there are 5.8 shares of Franklin Life. Thus, the market equivalent, with Franklin at 73, would be about $1,150. The advance was due to the long-awaited SEC decision which, retroactively to Jan. 1, 1941 grants to G. A. L. U. exemption from the investment company act of 1940. Thus the way appears to be cleared for the 5-1 split of G. A. L. U. which was suspended due to the SEC action.

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Dominick & Dominick, in its Monthly Insurance Stock Notes for July, analyzes underwriting margins and market discounts. A table is presented showing the effect of profit margin on market price for 18 companies.

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The Commercial & Financial Chronicle in its July 7 issue carries a study of Maryland Casualty concluding that this is a "high quality marketable investment with an attractive yield for a casualty stock." It is selling at a considerable discount from book value.

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Elsewhere in this issue is a list of the bid prices of about 100 insurance companies at June 30, 1960, with the comparable price at December 31, 1959. This is supplementary to a similar listing for about 120 companies in the July 9 issue.

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Apropos of the capital question of whether the life insurance house ought to offer to the public investment programs beyond those provided in traditional life insurance and annuity contracts is the announcement that Swift & Co. will give its salaried employes a chance to buy mutual fund shares through payroll deduction.

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Harris Upham & Co. lists Fireman's Fund among stocks with "appreciation prospects" Conning & Co. of Hartford is now distributing its 56-page publication entitled "1960 Fire & Casualty Insurance Companies." This contains a penetrating analysis of 23 companies and a general discussion of the business.

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The One William Street Fund reports that in the quarter ended June 30 they sold 15,000 shares of Continental Ins. Co., thus eliminating entirely their holdings of this issue. In the previous quarter they sold 40,000 shares.

New Institutional Form Is Filed In N. C., Hearing Set

A public hearing will be held July 29 by Commissioner Gold on the new rating plan of North Carolina Fire Insurance Rating Bureau for institutional property. The plan would mean sharp rate reductions for several coverages and is reportedly regarded as a competitive move to recapture business being lost to self insurers.

Plan Is Non-Profit

The plan covers public buildings, hospitals, schools and churches that are public or quasi-public, not operated for profit as commercial ventures and are principally supported by taxes, donations, endowments or bequests.

Requirements are that each property be insured to at least 90% of value and that $1,000 annual premiums be developed for each account.

A $1,000 deductible is included for all coverages except fire and lightning. Rate reductions proposed for fire of 25%, extended coverage 40%, vandalism, malicious mischief and sprinkler leakage, 50%.

Hearings July 28 On N. C. Deviations By 4 Insurers

Commissioner Gold of North Carolina will hold hearings July 28 on deviations sought by four companies. American National Fire seeks 10% off on auto liability and physical damage except collision and 15% off on auto collision. Merchants Fire of New York seeks 15% off on homeowners, and Superior Risk of the Ohio Farmers group 10% off on homeowners. Hardware Dealers Mutual seeks to deviate 15% on fire and EC, 15% on homeowners forms 1, 2, 3 and 4, and 5% on homeowners form 5.